

**CARPINTERIA SANITARY DISTRICT
IN THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

SPECIAL BOARD MEETING MINUTES

These are the **minutes** of a **Special** meeting of the Governing Board of the Carpinteria Sanitary District in the City of Carpinteria, County of Santa Barbara, and State of California.

The Governing Board of the Carpinteria Sanitary District held a special meeting on **February 22, 2011**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

Directors Present: Lin Graf- President
Pat Horwitz – President Pro-Tem
Jeff Moorhouse – Secretary
Mike Modugno – Secretary Pro-Tem
Doug Treloar – Treasurer

Staff Present: Craig Murray – General Manager
Judy Kirkman – Board Secretary
Hamid Hosseini – Finance Director

Legal Counsel
Present: Anthony Trembley

Others Present: Sudhir Pardiwala, Hannah Phan (Raftelis Financial Consultants)

Public Present: None

President Graf called the meeting to order and asked Director Modugno to lead the Board and staff in the Pledge of Allegiance.

Presentation of Preliminary Sewer Rate and Fee Study

Raftelis Financial Consultants - General Manager introduced Sudhir Pardiwala and Hannah Phan from Raftelis Financial Consultants (RFC). General Manager said the District was working with RFC on a comprehensive financial study and fiscal model for the purpose of updating the District's sewer service charges and other fees assessed for service. General Manager said RFC had met with the Board Finance Committee who had provided input at earlier stages in the process. General Manager said the Board Public Relations Committee had also weighed in on the public outreach process as it related to a rate and fee adjustment.

Mr. Pardiwala gave a Power Point presentation to the Board, staff and Legal Counsel that included: Overview of Presentation; Summary of Previous Meetings; Key Assumptions; CIP Expenses; Capital Financing Plan; Revenue Adjustments; Adjustments and Dept Coverage; Reserves Balance; Cost of Service Analysis; Proposed Rate Structure; Proposed Rate; Customer Impacts; Development Impact Fees; and a Schedule of Upcoming Public Meetings and Public Hearing.

After Mr. Pardiwala's presentation, the Board was given an opportunity to ask questions. Discussion was held by the Board, staff, Legal Counsel and RFC regarding residential and non-residential sewer service charges and the process currently being used to

determine non-residential fees. Mr. Pardiwala said the District currently had 87 classes used to determine the sewer service charges for non-residential customers, and the proposed model reduced the number of classes to six. Mr. Padiwala said two changes would also occur: 1) There would be a 90% return factor consistent across all users, and 2) all parcel allocations would be based on their loadings and subject to a minimum charge equivalent to the flat rate charge for one residential dwelling unit.

After discussion by the Board, staff, Legal Counsel and RFC, a modification to the assumed infiltration and inflow rate used in the flow mass balance was determined to be appropriate in light of recent and ongoing rehabilitation projects. The financial model developed by RFC was used in a live demonstration mode during the meeting which allowed the Board, staff, Legal Counsel and RFC to analyze and consider alternative scenarios for the rate and fee structure and to look at impacts to various user classes, primarily in the non-residential category. The cost of service analysis in the fiscal model indicated that the residential sector was effectively subsidizing the non-residential sector under the current rate ordinance. In the first year of the five-year program, a reallocation of costs would result in minor rate impacts to residential users but some non-residential user classes would see sharp rate increases. The Board discussed this matter and felt that the recommended approach restored equity amongst all system users.

General Manager said the following schedule of meetings was outlined in the District's newsletter that was mailed out to residential and non-residential customers:

- Presentation to Board and Public - March 15, 2011
- Finalize Wastewater Rate and Fee Structure - April 5, 2011
- Approve Proposition 218 Notices - April 19, 2011
- Mail Proposition 218 Notices - April 21, 2011
- Public Hearing - June 7, 2011
- New Rate and Fees Effective - July 1, 2011

Director Horwitz said the Board might need to look into developing a policy that clearly established the basis for setting reserve target levels. The approach and reserve target recommended by RFC was sensible and protective of the District and its ratepayers.

The Board thanked Mr. Pardiwala and Ms. Phan from RFC for their presentation.

Carpinteria Bluffs Sewer Relocation Project

Dump Road Easement Request - Venoco, Inc. - General Manager reported the District was moving forward with implementation of the Bluffs Sewer Relocation Project and was finalizing permitting, easement and right-of-way acquisition prior to soliciting construction bids. General Manager said the project originally did not address certain groups of users in the area adjacent to Dump Road on Carpinteria Avenue, including Carpinteria City Hall and Costas Auto Works. As the design developed it was recognized that the existing line serving these properties could be realigned to divert flow to the new sewer in Carpinteria Avenue. This was beneficial based on the history of root intrusion and maintenance requirements for the existing sewer in Dump Road. The new pipeline extension in Dump Road was included in the planning and permitting level following discussion with Venoco staff that indicated conceptual support for a new easement. The existing pipeline could be abandoned and the easement quitclaimed. Venoco's sewer connection is to an

existing pipeline located to the south of their facilities and their service would not be affected by the proposed changes to the sewer in Dump Road.

General Manager said when a formal request was made to Venoco, they informally said they were not inclined to grant us the easement. General Manager said he sent a letter to Venoco's Land Manager, Mr. Pat Moran, in October 2010 that outlined a basis for the easement, history of the request and attempts to make our case to acquire the easement. General Manager said in January 2011 the District received a letter from Venoco that formally documented Venoco's unwillingness to grant the easement.

General Manager said he would like to get the Board's direction and feedback on how to proceed. General Manager said this new line in Dump Road could be removed from the Bluffs Sewer Relocation Project.

Director Moorhouse asked what the timeframe was for the District to move forward with the project and whether there was still time to negotiate with Venoco. General Manager said up until the point that the pipe was being constructed in Carpinteria Avenue, anywhere from four to nine months. Director Moorhouse said he was not for abandoning the District's attempt to include this alignment. President Graf said he would like to recommend that the General Manager and Board President sit down with Venoco officials to talk about the easement.

Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 7:45 p.m.

Lin Graf
President

Mike Modugno
Secretary Pro-Tem

Pat Horwitz
President Pro-Tem

Doug Treloar
Treasurer

Jeff Moorhouse
Secretary