

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

MINUTES

These are the **minutes** of the **regular** 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 regular meeting on **March 3, 2009**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

Directors Present: Michael Damron– President
Lin Graf – President Pro-Tem
Jeff Moorhouse – Secretary
Pat Horwitz – 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

President Damron called the meeting to order, and Legal Counsel, Tony Trembley, led the Board and staff in the Pledge of Allegiance.

Board Approval of Agenda - President Damron asked if there were any modifications and/or changes to the agenda. Hearing none, President Damron said the Agenda was approved as submitted.

Approval of Minutes of the Meeting of February 3, 2009 – Director Treloar made a motion that the minutes of the February 3, 2009 Board Meeting be approved as submitted; Director Graf seconded the motion, and the motion was approved by a 3-1 vote. Director Horwitz abstained due to being absent from the February 3, 2009 Board Meeting; Director Moorhouse arrived after the Board Meeting Minutes were approved.

Public Forum. None

General Manager's Status Report – State Budget Approval – The State Budget was approved on February 20, 2009. A legislative update from Mike Dillon was attached to the Staff Report providing an inside report on the budget approval. General Manager said this agreement did not include any Prop. 1A borrowing. General Manager said at this time we should expect to get our property tax increment from Sacramento. An email and a budget letter from the State Department of Finance were also attached to the Staff Report. General Manager said he reported at the last Board meeting about the State freezing Prop. 50 IRWMP grant program funding. It appears that the Proposition 50 IRWMP grant program has been

cleared for funding, but the District's Proposition 84 CBI grant may still be "on hold" until such time as the State can proceed with bond sales; **LAFCO Policy Regarding Out of Agency Service Agreements for Agriculturally Zoned Parcels** – Santa Barbara LAFCO has drafted a proposal that will be considered at a March 5, 2009 LAFCO meeting that will require public agencies, such as the Carpinteria Sanitary District, to serve agriculturally zoned parcels via Out of Agency Service Agreements, in lieu of annexing the entire parcel. General Manager said LAFCO's interest is in preserving agriculture, but it presents some practical difficulties for agencies such as the District. General Manager said on February 23rd there was a panel discussion at the SBSDA meeting, which he attended and participated with Directors Treloar and Moorhouse. LAFCO's Executive Officer and Kamil Azoury, General Manager from Goleta Sanitary District, debated the policy. General Manager said this stemmed from an issue with the St. Anthanasius Church in Goleta, which is a new church that will occupy about four acres out of a 17 acre parcel. Ultimately that entire parcel was annexed to the Goleta Sanitary District, which concerned some of the Commissioners of LAFCO. General Manager said District staff would attend the March 5th LAFCO hearing. General Manager said the District's legal counsel had been talking with LAFCO's general counsel, Bill Dillion, together with the attorney from Goleta Sanitary District. Legal Counsel, Tony Trembley, said he and Goleta Sanitary District's legal counsel had a conversation and shared with Bill Dillion more of an opinion that the policy that LAFCO is considering is inconsistent with the Government Code provisions on the annexation and may lead to specific legal issues and problems. Legal Counsel said Mr. Dillion listened politely and said he would take their views into consideration. Legal Counsel said Mr. Dillion reminded them of the LAFCO hearing on March 5th; **Lift Station No. 4 Modification Project Update** - Work on this project is moving along nicely. The new wetwell, valve vault and piping within the valve vault have been installed. We're scheduled to do the coating of the wetwell tomorrow. The District engaged a specialty inspector for geotechnical inspection and for observation and inspection of the coating application to make sure that what the contractor puts on meets all the specifications and there are no defects. Director Treloar asked if this inspector was a factory rep. General Manager said this was an independent specialty inspector from the Thousand Oaks area, and the subcontractor is a licensed installer of the epoxy product being used. General Manager said it was not uncommon for this type of process to have an independent inspector; **CSRMA Pooled Liability Program Dividend** – The District received a dividend this year from CSRMA of \$11,262 for favorable results from the period 1987 – 2003. General Manager said the pool, as a whole, distributed just under \$1M in January; **Lagunitas Annexation to the Carpinteria Sanitary District** – This was approved by Santa Barbara LAFCO on February 5, 2009, and is a mixed used development being built out by Investec. The final map provisions for the annexation are underway and will be completed prior to recordation at the County; **RFQ for Professional Engineering Services – Septic to Sewer Project** – General Manager said he would report later on the bond issue and funding status, but this would be the next step to engage a contract consultant to do the final design and to assist with permitting. SOQs are due from interested firms on March 20, 2009; **CASA "Day in the District" Legislative Day** – General Manager said Directors Damron and Moorhouse and he met last Friday with Senator Strickland at his Santa Barbara field office. General Manager said Senator Strickland was very receptive and they talked about some legislative issues and provided him with information about the District and some of the key issues that CASA is involved with. General Manager said he thought Senator Strickland would be involved with the community and active in Carpinteria issues; **Bluffs Sewer Relocation Project Update** – Proposals for CEQA/environmental review were received from three consulting firms for the Bluffs Sewer Relocation Project, which will probably be a mitigated negative declaration for that project. The design effort is progressing smoothly. Penfield & Smith contacted

commercial property owners out on the Bluffs to begin discussions about how the District will reconnect them to a new sewer line on Carpinteria Avenue; **District Newsletter** – The District’s newsletter was completed and should be distributed this week. The Public Relations Committee reviewed it last week. Copies are available at the District office, and a copy was given to each Director. General Manager said the newsletter was also available on the District’s website; **Community Emergency Response Team (CERT) Training** – CERT training will begin in the District’s Board Room on March 23, 2009 for seven consecutive Mondays from 6:00 to 9:00 p.m. Two staff members from the District will be participating in the training. Director Moorhouse said he was a CERT graduate, and it was a very good training; **Annual SSC Planning and Preparation** – General Manager said staff was working on the annual SSC update and preparation. Staff completed our annual survey of local businesses to update our commercial billing records. Carpinteria Valley Water District updated their records this year and changed all their meter numbers. District staff has been working with the water district to accept our data in their new format; **Operations Update** – No problems to report at the Treatment Plant. CWEA representatives were here week before last and conducted a comprehensive tour of the WWTP and interviewed staff as part of consideration for the state-wide Plant-of-the-Year award. General Manager said they were here for four hours, and things look promising. The award will be announced in April at the CASA conference. The collection system is operating well with no overflows to report. Staff received training for the District’s new CCTV inspection vehicle by the equipment vendor. Additional training is scheduled for mid-March from the software vendor. Bids are being prepared for the surplus unit. Logos were installed on the new CCTV vehicle that look really good and will be visible around town. The Pipe Modifications Project is underway at the WWTP. General Manager said this was a capital project for this fiscal year. This project will be completed largely with in-house resources. The District’s crane truck was upgraded with a Load Moment Indicator. The automatic transfer switch for the emergency generator was replaced by technicians from General Electric. Operations data management software was updated to a newer version. Costs were nominal because the District maintained service agreements with the vendor.

Carpinteria Sanitary District Assessment District2007-1

Report on Limited Obligation Improvement Bond Sale - General Manager said he was pleased to report after many years of hard work that the District was able to complete the financing for the Septic to Sewer Project last week. Back in December the Board adopted Resolution No. R-218, authorizing the sale of the bonds. General Manager said at that time there was some turmoil in the municipal bond market and the Board granted to staff the authority to monitor the market and move forward with the actual bond sale when conditions improved. General Manager said the Staff Report included some information about the market from August 2008 through December 2008. The interest rates for this kind of issue increased nearly three percent. General Manager said it got to a point that it was outside the rate the District represented back in August to the homeowners. General Manager said as conservative as the finance team tried to be at that time, the rates went haywire. General Manager said the rates were monitored through December and January. The finance team saw some market stabilization during that period and we were on the phone regularly during this period getting market updates and watching what was going on with similar issues. The finance team decided in February to take initial steps toward completing the transaction. A preliminary official statement was completed and circulated. The bond underwriters, Stone & Youngberg started a marketing campaign targeting retail investors and residents of the different communities involved in the project. General Manager said on February 25th a preliminary pricing call was held where we got from the bond underwriter the schedule they were proposing to sell the bonds. This schedule was a combination of serial bonds, some

that matured in a couple of years all the way out to 2038. Preliminary orders were received on February 25th, and it seemed there was a lot of interest on that day from local residents. General Manager said there was enough interest to lower the interest rates into that range we talked about in August 2008, which was between 5 ¾ and 7%. General Manager said the next morning the bonds were priced and orders taken and by 11:30 in the morning the bond sales were oversubscribed, which allowed the underwriter to drive the rate down even further. General Manager said it was favorably received in the community and the finance team was surprised and at the end of the day were very pleased with the outcome. Director Treloar asked how many bonds were purchased by the neighborhood residents. General Manager said they got \$20M in orders for \$6M in bonds. General Manager said there were slightly over \$7M in orders from local area residents, and about \$4M were filled from that amount. The underwriters said everyone they dealt with locally was great to deal with, and across the Board people were happy with the deal. General Manager said the rate schedule for the final numbers of the bond sale was attached to the Staff Report. General Manager said the true interest costs for the serial and term bonds will amount to 6.7% interest rate. General Manager said he felt good about that and felt like the team did a good job, and the Board did a good job in waiting and not going forward in December. General Manager said this benefited the homeowners tremendously. General Manager said the District's bond issue priced significantly better than an investment grade (A rated) tax allocation bond issue for the Perris Public Financing Authority on the same day.

General Manager said the finance team was working on completing the vast amount of paperwork for the bond sale, and is expected next week to close the transaction on March 12th, at which time the funds will be wired to the Bank of New York. The Bank of New York will make the distributions and the funds will be in the District's discrete project implementation accounts next week.

Contract Award – Cash Contract No. 355 - Lift Station No. 1 and No. 2 Pump Replacement Project – General Manager said this was item that represents two capital projects for this fiscal year and involves replacement of pumps at Lift Station Nos. 1 and 2. General Manager said the Board authorized solicitation of bids and approved the contract documents. Bids were opened on February 26th at 3:00 p.m. Eight bids were received, and the low bidder was Cushman Contracting Corporation with a bid of \$180,000. General Manager said the bids ranged up to over \$300,000, but most of the bids were fairly competitive. General Manager said he worked with Penfield & Smith to review the low bid from Cushman. General Manager said Cushman has done a lot of work for the District very successfully, including replacing the District's influent pumps, a project that is essentially identical to this project. General Manager said they were a very capable contractor. Their Class A License was verified, and bid security was provided with their bid. General Manager said based on their review Cushman is the lowest, responsive and responsible bidder. General Manager said a Notice of Award to Cushman Contracting Corporation is being presented to the Board, and if approved would be transmitted to Cushman with a Contract Agreement, to be returned to the District, signed with the required bonds and insurance certificates. General Manager said the construction contract would come back to the Board at the next meeting. General Manager said he reported at the last meeting that the scope of the project had changed. More work was required up front at Lift Station No. 1 than was anticipated due to coring new holes in the wetwell and space limitations. The original allocation total for the two separate projects was \$175,000, and to get this project completed it is recommended that the overall project budget be augmented \$50,000 for a total of \$225,000. Director Treloar asked if those additional funds were already in the reserves. General Manager said the \$50,000 would come from the Capital Project funds. There were a couple of projects that came in under budget, so no General Fund dollars would be required.

General Manager said it was staff's recommendation that the Board approve issuance of a Notice of Award to Cushman Contracting Corporation for the Lift Station Nos. 1 and 2 Pump Replacement Project with a bid amount of \$180,000. It is also recommended that the combined CIP project budget for these projects be augmented by a total of \$50,000.

Director Moorhouse made a motion that the Board approve issuance of a Notice of Award for the Lift Station No. 1 and No. 2 Pump Replacement Project to Cushman Corporation of Goleta, California, based on their bid in the amount of \$180,000, and that the project budget be augmented by \$50,000 as proposed; Director Horwitz seconded the motion. Director Graf asked how the price for the electrical control systems on the Bid Tabulation Summary varied from \$22,000 down to \$8,000. General Manager said he called Cushman regarding the unit price to "Set Up, Operate and Dismantle Bypass Pumping System" and asked if \$500.00 was correct. The other bidders' unit price for that item went from \$25,000 to \$43,649. Director Horwitz also asked the same question. General Manager said he contacted Cushman regarding the price differentials and they indicated their bid prices were accurate. General Manager said he thought what the Board was seeing was reflective of a competitive environment with contractors needing to keep crews working. Director Treloar said Cushman had worked with the District on a number of projects and knows how the District operates, and they're willing to give us a discount to keep their guys working.

President Damron called for a vote, and the Board approved the motion by a 5-0 vote.

Cash Contract No. 358 – Cushman Contracting Corporation

WWTP Yard Improvements Project (Phase 1) - General Manager said this was a contract put together with Cushman before the bids were opened for the Lift Station No. 1 and No. 2 Project, for the WWTP Yard Improvements Project (Phase 1). General Manager said this phase involved constructing a concrete pad to store the rolloff bins that are used for hauling biosolids. General Manager said this project was authorized in 2007/08, but prices were high at that time, so we held off to see if we could retool the project. Some of the demolition work was done inhouse, along with some of the preparatory work. We solicited bids from contractors to construct this pad, and we got four quotes. Cushman Contracting Corporation presented the lowest price proposal of \$8,950. General Manager said Cushman does good work, and staff recommends that the Board approve Cash contract No. 358 between the District and Cushman Contracting Corporation for the WWTP Yard Improvements Project (Phase 1) and authorize execution by the General Manager.

Director Moorhouse made a motion that the Board approve Cash Contract No. 358 between the District and Cushman Contracting Corporation for the WWTP Yard Improvements Project (Phase 1) and authorize execution by the General Manager; Director Horwitz seconded the motion. Director Horwitz asked if she was looking at this item correctly, in that originally the project was budgeted for \$45,000, and now that staff has completed some of the work inhouse the cost is \$8,950. General Manager said this was Phase 1 and there would be a Phase 2 to build a dump station for the Vac Con and some drainage. General Manager said to sequence the work properly this work was being done first before moving to Phase 2. General Manager said he thought they would come in under the budgeted amount. Director Treloar asked if the dump station included additional concrete work. General Manager said there was some concrete, a precast vault and some piping. Director Treloar asked if the additional work could be added to this contract as a change order. Legal Counsel said for the record this is a completely separate project from any later phase and was not a situation where the District is doing any segmentation. It is a stand alone project in itself.

President Damron called for the vote, and the motion was approved by a 5-0 vote.

Proposition 84 Regional Grant Funding and IRWMP Update

MOU for Participation and Fund contribution – General Manager said this was an item that came to the District after some development through the Proposition 50 IRWMP process in cooperation with 27 agencies throughout Santa Barbara County for the ultimate purpose of securing grant funding for water quality and water supply projects. General Manager said the District has participated with these agencies by contributing staff time and funds. General Manager said for Prop. 50 the agencies were successful and awarded the \$25M grant from the State Water Resources Control Board. The District had one of fourteen projects eligible for grant funding, and we expect to receive up to \$1.25M for the Bluffs Sewer Relocation Project. General Manager said our efforts in the Prop. 50 IRWMP process were fruitful.

General Manager said Proposition 84 was another voter approved initiative to fund the same type of projects as Prop.50, and the process going through this Integrated Regional Water Management Plan is identical. General Manager said Santa Barbara County Water Agency has been the lead for our region, and they have continued to be the lead for our region. For the IRWMP development they paid 50%, and going forward for Prop. 84 they agreed to continue that model. General Manager said there are costs associated with revising the Integrated Regional Water Management Plan. This process would include the counties of San Luis and Monterey. For the Carpinteria area, it is proposed that the District, the City of Carpinteria and the Carpinteria Valley Water District split the applicable costs equally, as was done for the original MOU. General Manager said Appendix A in the Staff Report lists the agencies that were invited to participate, essentially all the water, wastewater, city and county agencies. General Manager said Appendix B was the funding model. General Manager said since the MOU was circulated on February 23rd, a few of the agencies on the Appendix B list have opted out of the process, so the district's share would be slightly higher or around \$3,141.

General Manager said he thought it was worthwhile to continue this process and recommended that the Board elect to continue participation in the regional IRWMP program and contribute funds and resources on a pro-rata basis in pursuit of Proposition 84 grant funding opportunities.

Director Horwitz made a motion that the Board approve the Memorandum of Understanding (MOU) to Participate in the State-wide Proposition 84 Process and Revise the Area-wide Integrated Regional Water Management Plan in Santa Barbara County and authorize payment to the County Water Agency for the District's contribution to the planning effort; Director Moorhouse seconded the motion. Director Treloar asked with some of the agencies dropping out, does that give the District potential for getting a larger chunk of the pie. General Manager said those agencies would no longer be able to advance a project or be a part of the process, so fewer players would give us a chance at a bigger piece. Director Treloar said another question he had was on the letter attached to the Staff Report from Kevin Walsh saying they needed a response by February 28th. General Manager said he talked to Mr. Walsh and told him we just received this letter on February 23rd and our Board would not meet again for approval until March 3rd. General Manager said he told him he thought the District would continue, but it would need final approval by the Board, and Mr. Walsh was fine with this response.

President Damron called for a vote, and the motion was approved by a 5-0 vote.

Finance Committee – Director Treloar, Chairperson, said the Finance Committee met on February 25th and looked at the monthly budget, investment report and current insurance policies. Director Treloar said the General Manager gave an update on the Assessment District. Director Treloar said the committee talked about meeting a Government Accounting Standard No. 45 by next year. This standard has something to do

with our post-retirement benefits. There was also a report on the COLA (cost of living adjustment) index. Director Horwitz said she'd like to add on the GASB 45, it's an actuarial study that is required, and one of the reasons to put it through the budget process would be at that point it could be listed as an expense that is a requirement. The District has until next year to meet the requirement, and the District's auditor has made a note that the District will need to comply by that date. Next year it's in the budget and we will meet the requirement, which will be good for three years before the actuarial study would need updating.

Personnel Committee – did not meet.

Public Relations Committee – Director Graf, Chairperson, said the PR Committee met and reviewed the newsletter that was being mailed out this week.

Board General Items

CASA Legislative Committee Report – Director Moorhouse said he wanted to give a brief report. He said he was scheduled to attend a meeting of the committee this Friday, but had to go out of town on business. Director Moorhouse said he had been on the phone with committee members, as well as Mike Dillon. Director Moorhouse talked about one SB that would be discussed, SB565 that deals with dischargers and the mandate that the discharged water become recyclable. Director Moorhouse said this was a result of a tremendous amount of discharge from large agencies in the Los Angeles basin being discharged into the ocean. Environmentalists are upset and want that water recaptured and reused. CASA is aware of the issues. Director Moorhouse said he talked to Mike Dillon about how it impacts small districts like ours. Director Moorhouse said this was an issue that we would be dealing with over the next few years.

Director Graf asked if the District should start a conversation with the water district. General Manager said we have already started that conversation. One of the projects that is in IRWMP is a joint feasibility study with the water district. It's been something contemplated over the past decade a few times. The water district does not have any capital funds to spend. General Manager said whether we do it with the water district or on our own, it's one of our long-term goals and something we'll look at and pursue.

Future Agenda Items – COLA Index

Adjournment. There being no further items to discuss, President Damron adjourned the meeting at 6:25 p.m.

Michael Damron
President

Pat Horwitz
Secretary Pro-Tem

Lin Graf
President Pro-Tem

Doug Treloar
Treasurer

Jeff Moorhouse
Secretary