

**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 **June 7, 2011**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

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

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

Legal Counsel
Present: Anthony Trembley

Public Present: Sudhir Pardiwala, Raftelis Financial Consultants Inc.

President Graf called the meeting to order and asked newly appointed and sworn in Director Damron to lead the Board and staff in the Pledge of Allegiance.

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

Board Approval of Minutes of the Meeting of May 17, 2011 – Director Horwitz made a motion that the Minutes of the May 17, 2011 Board meeting be approved as submitted; Director Modugno seconded the motion, and the motion was approved by a 3-0-2 vote. Director Moorhouse was absent from the May 17, 2011 meeting and abstained from voting. Director Damron was sworn in as a Director on May 24, 2011.

Board Approval of Minutes of the Special Meeting of May 20, 2011 – Director Horwitz made a motion that the Minutes of the May 20, 2011 Special Board meeting be approved as submitted; Director Modugno seconded the motion, and the motion was approved by a 4-0-1 vote. Director Damron was sworn in as a Director on May 24, 2011.

Public Forum – None.

PUBLIC HEARING – Adoption of Ordinance No. 12

Sewer Service Charge Rate Increase – General Manager said Sudhir Pardiwala from Raftelis Financial Consultants, Inc. was in attendance to present information on the Wastewater Rate and Fees Study to the public and was available to answer any questions. General Manager said since there were not any members of the public present, the Board had the option of foregoing the presentation that had been presented to them at two previous Board meetings. General Manager said as an order of events for the hearing, following the presentation the Board President would open the Public Hearing, and a procedure text would be used to provide an opportunity for public comment and the written protests that have been received would be remunerated. General Manager said at the end, the Board would consider an action item to adopt Ordinance No. 12.

General Manager said as a Government Agency it was the District's obligation to charge rates and fees that cover the full costs of operating the wastewater utility. General Manager said as those obligations had been reviewed, along with debt covenants from the outstanding bond issue, the determination was made to pursue a rate adjustment in this fiscal year. General Manager said the existing rate structure had been approved in 2004 at a rate of \$512.00 for each residential dwelling unit. General Manager said the methodology and rate structure had been updated, and staff had worked hard to control the District's costs and manage the general inflationary affects (cost of fuel, chemicals, cost of providing health insurance benefits, etc.) General Manager summarized factors that would contribute to a projected revenue shortfall in coming years:

- Required Capital Improvements
- Increasingly Restrictive Regulatory Requirements
- Increased Operating Costs
- Bond Covenant Revenue Requirements

General Manager said Raftelis Financial Consultants helped develop a computerized, comprehensive fiscal model that was used to develop the rate and fee adjustment structure in a manner that met the District's needs, complied with State law and had the lowest impact to ratepayers.

General Manager gave a brief overview of the process the District used to analyze its current and near-term financial status and to develop the updated rate structure. General Manager said the process was undertaken in a manner that attempted to inform and involve District customers and the general public.

General Manager said a copy of the *Notice of Public Hearing Regarding a Proposed Sewer Service Charge Rate Increase* was included with the Staff Report and was mailed to all residential and non-residential customers of the Carpinteria Sanitary District. General Manager said a copy of the Executive Summary, excerpted from the Wastewater Rates and Fees Study, prepared by Raftelis Financial Consultants, was also attached to provide additional background. General Manager said the entire study had been presented to the Board at previous meetings and was also posted on the District's website.

General Manager said the proposed Ordinance No. 12, if adopted, would be the legal mechanism by which the District would implement a new sewer service charge. General Manager provided a summary of the key elements of Ordinance No. 12.

General Manager said the rate ordinance had been updated to reflect current legal requirements and to clarify specific elements of the rate calculation procedures. The proposed sewer service charge for residential customers is \$515 for the fiscal year 2011/2012, and would increase by 4.5% each year for the following four years. General Manager said the baseline non-residential rate schedule would become effective on July 1,

2011, and, consistent with residential charges, would escalate by 4.5% each year for the following four years.

General Manager said it was staff's recommendation that the Board approve an increase in sewer service charges as proposed through the adoption of Ordinance No. 12. General Manager said the process to consider adoption and to receive public input on the proposal was a formal one, and a procedure text had been provided for the Board President to use in conducting the hearing.

President Graf said since the Board had heard the presentation from Raftelis Financial Consultants at two previous meetings, the Board would forego the presentation tonight. Director Moorhouse asked Mr. Pardiwala if there had been any changes in his presentation since it was presented to the Board at previous meetings. Mr. Pardiwala said there had been no changes. Legal Counsel noted for the record that a copy of the Executive Summary from the Wastewater Rate and Fees Study Report from Raftelis Financial Consultants, Inc. was included in the Board's packet.

Director Horwitz asked if Legal Counsel had reviewed the proposed Ordinance No. 12. Legal Counsel said he did review the proposed Ordinance No. 12.

President Graf began the hearing procedure text. Board Clerk called the roll: Directors Modugno, Horwitz, Graf, Damron and Moorhouse responded with aye. It was noted that five members of the Board were present and that met the quorum required by State law to adopt the Ordinance.

President Graf opened the public hearing and asked General Manager to file the Proof of Mailing of Notice as required in accordance with Proposition 218 with the Secretary, Director Jeff Moorhouse. President Graf noted there were no members of the public present. General Manager responded by saying there was no majority protest by the public. General Manager did note there were nine written, valid protests received in the mail during the 45-day protest period and they were included with the Staff Report in the Agenda packet.

President Graf said "There being no majority protest, the hearing was declared closed." President Graf called for a motion and a second on the adoption of Ordinance No. 12. Director Modugno made a motion that the Board approve an updated sewer service charge rate structure and incremental increases thereto, as proposed, through the adoption of Ordinance No. 12; Director Horwitz seconded the motion, and the motion was approved by the following 5-0 roll call vote: Director Modugno voted aye, Director Horwitz voted aye, Director Damron voted aye, Director Moorhouse voted aye and President Graf voted aye.

Board Position Assignment for Newly Appointed Director – General Manager said newly appointed Director Damron was sworn into office on May 24, 2011 by the District's Board Clerk and Notary Public, Judy Kirkman. General Manager said with the resignation of Doug Treloar, it was important to reshuffle some positions and Director Horwitz had been elected by the Board to fill the position of Board Treasurer and Chairperson of the standing Board Finance Committee. Director Horwitz has also been serving since December 2010 in the position of President Pro-Tem. General Manager said the Board might consider electing Director Damron to a position on the Board and President Graf may also consider appointing Director Damron to any standing or ad-hoc committee of the Board.

Director Horwitz made a motion to elect Director Damron to serve in the position of President Pro-Tem; Director Moorhouse seconded the motion, and the motion was approved by a 5-0 vote. President Graf appointed Director Damron to the standing Personnel Committee as a member, displacing Director Modugno, who remains on the Finance Committee.

General Manager's Status Report – General Manager reported on the following:
SCAP Board Meeting Report – General Manager said he attended the June 1st Executive Board Meeting of the Southern California Association of POTWs (SCAP) in Whittier as the Alternate Board Member for the Santa Barbara area. A review of the SCAP annual budget and program efforts for the coming fiscal year were discussed. The biosolids committee chair gave an update about some litigation related to Measure E in Kern County, the voter-approved measure that prevents imported biosolids from being land applied in Kern County;
SBCSDA Meeting Report – Directors Moorhouse and Modugno attended the May meeting of the SB California Special Districts Association in Buellton with General Manager on May 23, 2011. A presentation was made by the Chairperson of the Santa Barbara County Civil Grand Jury covering the recent compensation survey report and emergency preparedness;
APCD Permit Renewal – Staff is working with representatives from the Santa Barbara County Air Pollution Control District to renew the District's operating permit. General Manager said the draft permit included certain timelines for replacement of scrubber media based on lab analysis reports, and the District's objective was to make these timelines reasonable and based on how these units operate;
Odor Complaints Received - The District received a couple of odor complaints last week from residents at the Palm Loft Apartments. A third resident from the Palm Loft Apartments, on June 3, 2011, called and wanted a tour of the treatment facility. General Manager said he walked over to the Palm Loft Apartments, and on the western boundary where the Treatment Plant's Primary Clarifier is located he could smell some odors confined to one corner of the parking lot. General Manager said there was a period of a couple of weeks with atmospheric conditions that could have concentrated the odors. In response to the complaints, staff moved up the schedule to inspect and clean the Primary Clarifier. The tank was drained, inspected and worn parts replaced. When staff was cleaning the tank, General Manager said staff received another complaint from a resident in the Palm Loft Apartments. General Manager said staff set up a mister with a deodorizer that seemed to help. General Manager said the tank was back in line, filled up and working properly. General Manager said staff would follow up with the residents;
Operations Update – The Treatment Plant is operating in full compliance with our NPDES permit. The District has hired an Operator In Training on a temporary basis through an employment agency to help fill some staffing gaps and allow the District to move forward with projects and planned maintenance activities. Some maintenance was just completed on our secondary clarifiers that had been deferred due to staffing resources. The annual inspection and servicing of the pumps at Lift Station No. 1 was completed and these pumps remain in excellent operating condition. The collection system is operating well with no problems or sewer overflows to report. The mainline CCTV camera has been malfunctioning and was sent out for repair. The collection crew is conducting their annual inspection of manholes coated during the rehabilitation program in 2009 to make sure there are no warranty repairs necessary.

Cash Contract No. 384 – Olin Corporation

Bulk Sodium Hypochlorite Supply - General Manager said he reported at the last meeting that Goleta Sanitary District was taking the lead on this joint solicitation for chemicals used in our treatment facilities. General Manager said sodium hypochlorite is a strong form of chlorine bleach used at the Treatment Plant to disinfect wastewater before it is discharged to the ocean. General Manager said for the last three years the District had a contract with JCI Jones Chemicals, Inc that will expire on June 30, 2011.

Goleta Sanitary District went through a competitive joint bidding process for sodium hypochlorite and sodium bisulfite. General Manager said they received four bids, and the lowest responsive and responsible bid for bulk sodium hypochlorite was submitted by Olin

Corporation for \$0.729 per gallon delivered, including all applicable sales tax and mill charges. General Manager said the District had previously contracted with Olin for provision of chemicals, most recently a two-year contract that ended on June 30, 2008.

General Manager said it was staff's recommendation that the Board approve Cash Contract No. 384 between the District and Olin Corporation for the two-year supply of bulk sodium hypochlorite at the unit price of \$0.729 per gallon delivered, including all applicable sales tax and mill charges.

Director Moorhouse made a motion that the Board approve Cash Contract No. 384 between the District and Olin Corporation for the two-year supply of bulk sodium hypochlorite as stated therein; Director Damron seconded the motion. Director Modugno asked how much of the chemical was stored onsite, and was there any kind of secondary containment. General Manager said the storage tank held around 5,000 gallons and was a secondary dual-walled tank with dual piping and located within the confines of the District's Treatment Plant where there would be no storm water runoff. President Graf called for the vote, and the motion was approved by a 5-0 vote.

Cash Contract No. 385 – Univar USA, Inc.

Bulk Sodium Bisulfite Supply - General Manager said the details of this contract were very much the same as Cash Contract No. 384. General Manager said the District had been in contract with Univar USA, Inc., formerly called Basic Chemical Solutions. General Manager said Cash Contract No. 385 was with Univar USA, Inc. for sodium bisulfite, the chemical used to dechlorinate the wastewater after it is treated before it goes into the ocean. General Manager said the District's current contract with Univar USA, Inc. was at a unit price of \$0.9557 per gallon, and through the bid process Univar bid the same unit price of \$0.9557 per gallon delivered, including all applicable sales tax and mill charges. General Manager said their performance had been excellent throughout the last three years of the contract term, and it was staff's recommendation that the Board approve Cash Contract No. 385 between the District and Univar USA, Inc.

Director Moorhouse made a motion that the Board approve Cash Contract No. 385 between the District and Univar USA, Inc. for the two-year supply of bulk sodium bisulfite at the unit price stated therein; Director Damron seconded the motion, and the motion was approved by a 5-0 vote.

Resolution No. R-239

Designation of Applicant's Agent for Federal and State Disaster Relief - General Manager said going back to January 2005, there were winter storms that resulted in local flooding and associated overtime expenses. General Manager said officials from FEMA came to the District and suggested that the District apply for FEMA funding for those extra expenses. A claim was submitted for approximately \$4,500. Recently, the District was contacted by FEMA to say they needed additional information to complete the District's claim. That information was provided, and they asked for an update of a person designated in the District who was authorized to provide assurances and agreements with California Emergency Management Agency, the state branch of the federal agency. General Manager said Resolution No. R-239 states that the General Manager is authorized by the Board to provide Cal-EMA information, assurances and agreements related to the District's claim and future claims. General Manager said the last authorization on file was when John Miko was the General Manager. General Manager said it was staff's recommendation that the Board adopt Resolution No. R-239.

Director Moorhouse made a motion that the Board adopt Resolution No. R-239, Designation of Applicant's Agent for Federal and State Disaster Relief as requested by the

California Emergency Management Agency; Director Horwitz seconded the motion, and the motion was approved by the following 5-0 roll call vote: Director Modugno voted aye, Director Horwitz voted aye, Director Damron voted aye, Director Moorhouse voted aye, and President Graf voted aye.

Resolution No. R-240

Setting the Date for a Hearing and Giving Notice Thereof of Election to Collect Sewer Service Charges on the County Tax Roll for the Fiscal Year 2011/2012 –

General Manager said this was the resolution passed each year setting the hearing date for collecting sewer service charges on the County Tax Roll. This resolution sets the date for July 5, 2011. A public hearing will be held on that date to consider the sewer service charges proposed for the FY2011/2012 and the public would have an opportunity to comment. General Manager said a list of all the sewer service charges by parcel would be available for the public. General Manager said this item would coincide with the District's budget adoption on July 5, 2011, and it was staff's recommendation that the Board adopt Resolution No. R-240.

Director Moorhouse made a motion that the Board adopt Resolution No. R-240 setting the location, time and date of the hearing and authorizing publication and notice per State law; Director Damron seconded the motion, and the motion was approved by the following 5-0 roll call vote: Director Modugno voted aye, Director Horwitz voted aye, Director Damron voted aye, Director Moorhouse voted aye and President Graf voted aye.

LAFCO Response to District Comments – General Manager said staff provided comments to Santa Barbara LAFCO staff related to an item on their April 7th LAFCO meeting agenda pertaining to Out of Agency Service Agreements. General Manager said that staff's concerns go back a couple of years when LAFCO adopted a policy related to providing public utility services to agriculturally zoned parcels. The policy LAFCO adopted said sewer service should not be extended to agricultural parcels, except with some limited exceptions. A part of the parcel could be annexed or could be served through an Out of Service Agency Agreement, but generally agencies such as the District were discouraged from serving agricultural parcel. General Manager said he emailed Bob Braitman with some issues outlined, and Bob Braitman responded in a letter dated May 12, 2011 to the various comments and concerns raised by our District. General Manager said the Out of Service Agency Agreements create disparity between the types of customers, affects the District's ability to map and keep track of our customer base, raises issues as to whether those customers are subject to ordinances, whether they can vote in District elections, and creates irregular boundaries. General Manager said he did not think LAFCO should use policies and Out of Agency Service Agreements as a mechanism to control growth. General Manager said the letter from Bob Braitman was attached to his Staff Report, and he was asking the Board to provide direction regarding a response.

Director Horwitz said she had the same problem as the General Manager had, in that she did not think the District was a zoning agency with jurisdiction over land use. Director Horwitz said Mr. Braitman used the words "an urban service" in his letter and asked what the definition of an "urban service" was. Director Moorhouse said the response was from an individual, the Executive Officer, and this response was not from the LAFCO Commission. President Graf said in the last sentence of Mr. Braitman's letter it said he was not opposed to presenting this to the Commission, and President Graf said he thought it should go to the Commission.

General Manager said Item No. 7 of Mr. Braitman's letter represented a real scenario where a property owner on Via Real has a 9.2 acre Ag-zoned parcel and the District's sewer

runs along the front of it. The owner wants to add some farm worker housing there, and he is not able to get a permit to build a septic tank. General Manager said he had been approached by the property owner about hooking up to our sewer, and he had to tell this potential customer there was a LAFCO policy which would prevent annexation of his parcel in its entirety. General Manager said LAFCO wants the District to amend our sphere of influence to include a small portion of the parcel and approve an Out of Agency Service Agreement. General Manager said he had argued that this was not consistent with the statutes. Director Modugno asked, other than it not being consistent with the statutes, were there any other downsides. General Manager said the District's mapping and recording system was set up based on a parcel number and parcel boundaries, so it affected the District's GIS system. General Manager said it also raised some issues with the property owners mentioned earlier. Do they have the right to vote in a District election if only a small portion of their parcel was included? How do District ordinances apply? Director Moorhouse said the State Water Resources Quality Control Board and regional boards have opposed septic systems going in on rural lots. Director Moorhouse talked about LAFCO considering raising fees to annex parcels and the effect it would have on property owners.

President Graf said the General Manager wanted some direction of how to proceed. Director Moorhouse said it was already going back to the Commission, and he thought the General Manager was looking for guidance on a response or opinion because our agency was the one guiding this issue. General Manager said staff would continue to provide comments.

Director Horwitz asked if current Out of Agency customers had received notice of the District's rate increase. General Manager said they had received the District's newsletter and the Prop. 218 Notice.

Director Modugno asked if the process for Out of Service Agency Agreements and annexations required the same amount of time. Director Moorhouse said the Out of Agency Agreements would probably take more time because the Assessor's Office would need to create a new parcel, and new lines would need to be established. Director Modugno said these issues and processes needed to be resolved going forward.

Carpinteria Sanitary District Direct Dental/Vision Plan Revisions – General Manager said the policy update presented to the Board had been through the Personnel Committee and was a clean up of the District's Dental/Vision Policy. General Manager said the current plan was included with the Staff Report, along with the proposed revised policy with the edits highlighted. General Manager noted the significant changes: eligible dependents were changed to match up with the eligible dependent language in the District's health insurance program; non-corrective, non-prescription sunglasses were eliminated from this policy; employees are directed to have their providers submit reimbursement claims to be paid directly to providers. The General Manager may, at his discretion, approve qualifying expenses paid by the employee reimbursed directly to the employee or Board member; Coverage for Board members will cease on the date when they leave elected office.

General Manager said it was staff's and the Personnel Committee's recommendation that the Board approve the Revised Carpinteria Sanitary District Direct Payment Dental/Vision Plan as submitted. Director Horwitz made a motion that the Board approve the Revised Carpinteria Sanitary District Direct Payment Dental/Vision Plan as submitted by staff and the Personnel Committee; Director Modugno seconded the motion, and the motion was approved by a 5-0 vote.

Finance Committee – Did not meet.

Personnel Committee – Director Moorhouse said the Personnel Committee met and reviewed the Dental/Vision policy that was approved earlier, talked about updating the Personnel Rules and Regulations and discussed the Office Manager/Board Clerk vacancy.

Public Relations Committee – Did not meet.

CASA Legislative Committee Report – Director Moorhouse said he would report on CASA at the next meeting.

SBCSDA Report – Director Moorhouse said there was a presentation at the last meeting from the outgoing floor person from the Grand Jury that provided information regarding public agencies' compensation.

LAFCO Report – Director Moorhouse said LAFCO met last week and was in the process of sending out proposed fee schedules and the proposed budget to special districts, cities and counties.

Board Member Vacation Dates – Director Modugno reported he would be on vacation September 16-29, 2011. President Graf said he would be on vacation August 5-12, 2011.

CLOSED SESSION – 6:52 p.m.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION: Per Government Code Section 54957.
Title: General Manager.

RECONVENE OPEN SESSION – 7:05 p.m. President Graf reconvened the open session and stated that there was no action to report from the closed session.

Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 7:06 p.m.

Lin Graf
President

Mike Modugno
Secretary Pro-Tem

Michael Damron
President Pro-Tem

Jeff Moorhouse
Secretary

Pat Horwitz
Treasurer