

**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 19, 2012**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

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

Staff Present: Craig Murray – General Manager  
Kim Garcia – Board Clerk  
Hamid Hosseini – Finance Director

Legal Counsel  
Present: Anthony Trembley – Musick, Peeler & Garrett, LLP

Public Present: None

President Graf called the meeting to order and led 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 was approved as submitted.

**Board Approval of Minutes of the Meeting of June 5, 2012** – Director Modugno made a motion that the Minutes of the June 5, 2012 Board meeting be approved as submitted; Director Horwitz seconded the motion, and the motion was approved by a 5-0 vote.

**Public Forum** – None.

**General Manager's Status Report** – General Manager reported on the following:  
**Assessment District 2007-1 Bond Refinancing Update** – General Manager said progress on this refinancing is being made. Key official documents required to execute the transaction including a preliminary official statement and draft engineer's report have been generated. A Special Meeting of the District Board of Directors will be held on July 2<sup>nd</sup> at 5:30 to consider several resolutions that would authorize the financing. Members of the financing team will be on hand to present information and materials to the Board and the public. The regular Board meeting of July 3<sup>rd</sup> will be canceled. **SAMA Meeting Report** – General Manager said on June 13<sup>th</sup> he attended a meeting of the Sanitation Agency Managers' Association at the Goleta West Sanitary District. A presentation was given by Heather Billing of the Wallace Group on an NPDES compliance inspection conducted by USEPA at the South San Luis County Sanitary District. Also discussed, one of the key biosolids reuse sites in Kern County has been sold and material from several local agencies is now going to the Holloway Landfill, also in Kern County. **Digester Replacement Project Update** – General Manager said District and Carollo staff are evaluating data and engineering recommendations that came from the geotechnical site investigation conducted by Fugro West. Initial findings suggest that a more complex and more expensive foundation design may be required to address potential liquefaction concerns at the site. A technical meeting will be held to review the findings in further detail and craft an approach going forward. **Rincon Point Septic to Sewer Conversion Project Update** – General Manager said the District received a comprehensive design report from Romtec Utilities, a prospective supplier of the pump station, and this information is being integrated into the final design documents. An addendum to the FEIR/FSEIR is being finalized and will be considered by the Board at an upcoming meeting. This will allow the Santa Barbara County land use permit process to move forward to hearing, possibly in August. Dave Rundle of Penfield & Smith will be attending the annual meeting of the Rincon Point Property Owners Association on July 7<sup>th</sup> on behalf of the District to provide homeowners a project update. **Main PLC Upgrade Project** – General Manager said the District has launched a multi-tiered project to replace the programmable logic controllers (PLC) within the treatment facility. These small computers are used to monitor and control process equipment. The first step in the process is to replace the main PLC in the operations room, which will allow direct communication with the updated SCADA software system. **Operations Update** – General Manager said the WWTP is operating in full compliance with our NPDES permit. The collection system is operating well with no problems or overflows to report since our last meeting. District staff made improvements to the landscaping at the Administration Building over the past few weeks. General Manager said a grease interceptor was installed at the Rincon Beach Club catering facility at Santa Claus Lane in accordance with a plan developed with the business owner and District staff.

**Change Order Nos. 1 and 2 to Cash Contract No. 386 – Bluffs Sewer Relocation Project** – General Manager said the District Board of Directors approved Cash Contract No. 386 between the District and Tierra Contracting, Inc. on August 17, 2011 for the Bluffs Sewer Relocation Project with a contract price of \$1,446,451. General Manager said Tierra has successfully completed all contract work on the Bluffs Sewer Relocation Project to the satisfaction of the District and Penfield & Smith, the construction management firm and the new sewer collection infrastructure is functioning well with no problems to report.

General Manager said during the construction phase, there were a number of project changes, some at the direction of the District to address City of Carpinteria concerns, and some due to unforeseen subsurface conditions. General Manager said in order to maintain construction progress, a decision was made to track extra work and process a complete

change order towards the completion of the project. General Manager said following a comprehensive review and evaluation of extra work tickets and supporting documentation submitted by Tierra, Penfield & Smith prepared Change Order No. 1. General Manager said based on staff review, the costs are reasonable and the work was necessary to successfully complete the work. If approved, Change Order No. 1 would increase the contract price by \$42,759 making the revised total \$1,489,210.

General Manager said Change Order No. 2, prepared by Penfield & Smith and approved by Tierra, accounts for adjustments to the unit quantities in the bid documents to reflect actual installed quantities. General Manager said minor alterations and/or design clarifications during the construction phase resulted in minor quantity differentials. General Manager said the result is a proposed credit in the amount of \$9,135 and if approved, Change Order No. 2 would decrease the overall project cost. The net revised total, after considering Change Order Nos 1 and 2, is \$1,480,075.

General Manager said the overall project cost change is just over 2.35% which is impressive for a project of this magnitude. Tierra did an excellent job addressing differing conditions at a reasonable and fair cost to the District.

General Manager said staff recommends that the Board approve Change Order Nos. 1 and 2 to Cash Contract No. 386 with Tierra Contracting, Inc. as presented.

Director Damron made a motion that the Board approve Change Order Nos. 1 and 2 to Cash Contract No. 386 with Tierra Contracting, Inc. as presented; Director Modugno seconded the motion and the motion was approved by a 5-0 vote.

**Bluffs Sewer Relocation Project – Acceptance and Approval of Notice of Completion** – General Manager said the board awarded a construction contract to Tierra Contracting, Inc. for the Bluffs Sewer Relocation Project on August 17, 2011. General Manager said staff and the District’s engineering consultant verified that the work was performed in accordance with the project specifications, and the project is complete. General Manager said after the prescribed 35-day waiting period, and provided that no legitimate stop notices or claims are received by the District, the General Manager will release the retention funds to Tierra and will exonerate applicable bonds within the statutory timeframes.

General Manager said staff recommends that the Board accept the Bluffs Sewer Relocation Project, authorize filing and recordation of a Notice of Completion and approve release of retention and applicable bonds in accordance with the contract.

Legal Counsel said that the Board was provided updated copies of the Notice of Completion which was revised to include a paragraph addressing the “frac-out” incident that occurred in the Carpinteria Creek during the course of the project.

Director Horwitz made a motion that the Board accept the Bluffs Sewer Relocation Project, authorize filing and recordation of a Notice of Completion, and approve release of retention and applicable bonds in accordance with the contract; Director Damron seconded the motion and the motion was approved by a 5-0 vote.

**Change Order No. 1 to Cash Contract No. 388 – Sandyland Cove Septic to Sewer Conversion Project** – General Manager said the District Board of Directors approved Cash Contract No. 388 between the District and MGE Underground, Inc. on December 6, 2011 for the Sandyland Cove Septic to Sewer Conversion Project with a contract price of \$983,986. General Manager said MGE has successfully completed all contract work on the Sandyland Cove Septic to Sewer Conversion Project to the satisfaction of the District and Penfield & Smith, the construction management firm.

General Manager said due to the nature of this project, which involved trenchless pipeline installation, septic system abandonment, and excavation on private properties with

unknown subsurface conditions, it was anticipated that unforeseen conditions would be encountered during construction. To efficiently handle extra work encountered on 39 individual properties, a decision was made to track and document extra work on a per-parcel basis. General Manager said Penfield and Smith provided full-time construction observation on this project and very proficiently documented site conditions and reviewed daily extra work tickets. As the project neared completion, two meetings were held with District staff, MGE and Penfield & Smith to thoroughly review and consider extra work for the entire project. Penfield & Smith prepared Change Order No. 1 which accounts for 51 extra work items. General Manager said based on staff review, the costs are reasonable and the work was necessary to successfully complete the work. If approved, Change Order No. 1 would increase the contract price by \$42,403.88 making the revised total \$1,026,359.88.

General Manager said the overall project cost change is 4.3% which is considered to be within expected values and reflects a well designed, successfully executed construction project.

General Manager said staff recommends that the Board approve Change Order No. 1 to Cash Contract No. 388 with MGE Underground, Inc. as presented.

Director Damron made a motion that the Board approve Change Order No. 1 to Cash Contract No. 388 with MGE Underground, Inc. as presented; Director Modugno seconded the motion and the motion was approved by a 5-0 vote.

**Sandyland Cove Septic to Sewer Conversion Project – Acceptance and Approval of Notice of Completion** – General Manager said the board awarded a construction contract to MGE Underground, Inc. for the Sandyland Cove Septic to Sewer Conversion Project on December 6, 2011. General Manager said staff and the District's engineering consultant verified that the work was performed in accordance with the project specifications, and the project is complete. General Manager said after the prescribed 35-day waiting period, and provided that no legitimate stop notices or claims are received by the District, the General Manager will authorize the trustee, the Bank of Sacramento, to release the retention funds to MGE and will exonerate applicable bonds within the statutory timeframes.

General Manager said staff recommends that the Board accept the Sandyland Cove Septic to Sewer Conversion Project, authorize filing and recordation of a Notice of Completion and approve release of retention and applicable bonds in accordance with the contract.

Director Moorhouse made a motion that the Board accept the Sandyland Cove Septic to Sewer Conversion Project, authorize filing and recordation of a Notice of Completion, and approve release of retention and applicable bonds in accordance with the contract; Director Horwitz seconded the motion and the motion was approved by a 5-0 vote.

**Board Authorized Positions – Updated District Organizational Chart** – General Manager said this item is before the Board to present an update, in light of recent staffing changes, to the organizational makeup of the District. At the outset of the current fiscal year the District had 16 authorized positions. Over the past two years the District has had a vacancy in the operations group due to an extended leave of absence. Because the return status was uncertain, the District proceeded with the hiring of an Operator in Training in early 2012, bringing the position total to 17. General Manager said the District is anticipating one retirement within the Operations department in the near term, and that position would not be refilled, bringing the number of agency employees back to 16. Other positional changes were made recently within the Collection System department as noted in the proposed District Organizational Chart.

General Manager said cost impacts are reflected in the proposed budget for the coming year.

General Manager said staff recommends that the Board authorize the Proposed Authorized List of Position for Fiscal Year 2012/13 and the District Organizational Chart as presented.

Director Damron made a motion that the Board authorized the Proposed Authorized List of Positions for Fiscal Year 2012/13 and the District Organizational Chart as presented; Director Horwitz seconded the motion and the motion was approved by a 5-0 vote.

**Resolution No. R-250 – Setting Appropriations Limits for FY 2012/13** – Finance Director, Hamid Hosseini, said Section 7910 of the Government Code required Special Districts to adopt a resolution each year to establish its appropriations limit for the following fiscal year. Finance Director said the appropriations limit represented the maximum amount that a municipal entity or other local governmental entity may collect from property tax revenue. Finance Director said the District’s appropriations limit for FY 2012/2013 was \$3,149,593, and the projected property tax revenue for this period was \$454,600, well within the established limit.

Director Horwitz made a motion that the Board adopt Resolution No. R-250 setting the appropriation limit for FY 2012/13 as presented; Director Damron seconded the motion, and the motion was approved by the following 5-0 roll call vote: Director Damron voted aye, Director Moorhouse voted aye, President Graf voted aye, Director Horwitz voted aye and Director Modugno voted aye.

**Resolution No. R-251 – Adoption of the FY 2012/13 Annual Budget** – General Manager said submitted for Board review and adoption is the Fiscal Year 2012/13 Budget for the Carpinteria Sanitary District. General Manager said he’d like to thank District staff and the Board Finance committee for their input.

General Manager said the “Budget Snapshot” page in Section 1.0 provides an overall summary of the anticipated revenues, operating expenses and capital improvement projects for the upcoming fiscal year. The transmittal letter that accompanies the budget document provides an overview of significant changes from the prior year’s budget.

General Manager said the Board should keep in mind the basic purpose of the budget was to provide the District with a financial guideline for the upcoming year. Operation and maintenance cost projections were carefully calculated using the most current information available. The budget, as presented, was reviewed by the Board Finance Committee. Input and recommendations from the Committee were incorporated into this document.

General Manager said the sewer service charges were increased, effective July 1, 2011, and SSC revenues were expected to increase by approximately four percent. The projected increase, however, is only about 2%, primarily due to a very large commercial customer decreasing their volumetric water use by installing a cooling water recirculation system. General Manager said utilities and biosolids disposal expenses are projected to decrease by significant amounts, both of which are direct reflections of completed capital projects. The utilities reflect the lighting efficiency project and the biosolids disposal accounts for the screw press project.

General Manager reviewed the Capital Improvement Program (CIP) projects with the Board. General Manager said the District would continue implementation of the Board approved CIP, which primarily addresses infrastructure and equipment needs at the treatment facility and within the wastewater collection system. General Manager said Resolution No. R-251 would officially transfer necessary funds from the General Fund into the CIP Fund, and it was staff’s recommendation that the Board adopt Resolution No. R-251.

After some discussion on how information is conveyed and presented, there was consensus to discuss report options during an upcoming Board workshop.

Director Horwitz made a motion that the Board adopt Resolution No. R-251, approving the FY 2012/13 Annual Budget as submitted with expenditures totaling \$9,495,400; Director Damron seconded the motion, and the motion was approved by the following 5-0 roll call vote: Director Damron voted aye, Director Moorhouse voted aye, President Graf voted aye, Director Horwitz voted aye and Director Modugno voted aye.

**CSDA 2012 Board Election** – President Graf asked the Board if there were any recommendations to fill the open seat on the CSDA Board of Directors. District Clerk noted one amendment to the official ballot, Moira Barron was listed as representing Ojai Valley Sanitary District, but she correctly represents the Meiners’ Oaks County Water District.

After Board discussion, Director Damron made a motion that the Board vote for Elaine Freeman to serve a three-year term on the CSDA’s Board of Directors; Director Moorhouse seconded the motion, and the motion was approved by a 5-0 vote.

**Employment Contract – General Manager** – Legal Counsel said the Board is receiving a copy of the form of employment agreement between the District and Craig Murray as the General Manager. The changes to the current agreement are in the introductory paragraph noting the contract date, being today, June 19, 2012, with an effective date of May 2, 2012. Also changed was section one, the contract period May 2, 2012 through May 2, 2014 and section three regarding annualized compensation.

Director Damron made a motion that the Board approve the employment agreement with the General Manager, Craig Murray, effective May 2, 2012 as presented; Director Horwitz seconded the motion, and the motion was approved by a 5-0 vote.

**Finance Committee** – Director Horwitz reported the Finance Committee met on June 18<sup>th</sup> and reviewed the monthly budget report, investment report, the preliminary FY 2012/2013 budget and received an update on the bond refinancing.

**Personnel Committee** – Did not meet.

**Public Relations Committee** – Did not meet.

**CASA Legislative Committee Report** – Director Moorhouse reported that CASA has been busy with pending bills and recommends reviewing the website for legislative updates.

**LAFCO Report** – Director Moorhouse said he will be attending the LAFCO meeting on Thursday, July 5<sup>th</sup>.

**SBCSDA Report** – None.

**Board Member Vacation Dates** – None.

**Future Agenda Items** – None.

**CLOSED SESSION** – 6:43 p.m.

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:** Significant exposure to litigation pursuant to Government Code Section 54956.9(b): one case. Personnel related litigation.

**RECONVENE OPEN SESSION** – 6:47 p.m. President Graf reconvened the open session and stated that there was no action taken on the closed session item.

**Adjournment.** There being no further items to discuss, President Graf adjourned the meeting at 6:48 p.m.

---

Lin Graf  
President

---

Mike Modugno  
Secretary

---

Jeff Moorhouse  
President Pro-Tem

---

Michael Damron  
Secretary Pro-Tem

---

Pat Horwitz  
Treasurer