

**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 21, 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: Dave Rundle, Penfield & Smith

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

President Graf noted for the record that Director Moorhouse had not arrived, but would be arriving shortly.

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 June 7, 2011 – Director Horwitz made a motion that the Minutes of the June 7, 2011 Board meeting be approved as submitted; Director Modugno seconded the motion, and the motion was approved by a 4-0 vote.

Public Forum – Dave Rundle, Penfield & Smith

General Manager's Status Report – General Manager reported on the following:
SCADA System Upgrade Status – General Manager said he was happy to report that the District's SCADA System was up and running and in service since last week. There are a few minor clean-up items that will be worked out, but the system is functioning as intended and historical data is logging properly to the SEQL Server database. All the system alarms were verified and tested and working perfectly. General Manager said it was a nice upgrade and at some point a plant tour for the Board would be scheduled to see the SCADA System in full operation; **Rotary Screw Press Project Update** – Cushman Contracting installed the rotary screw press during a three-day period last week. The electrical contractor, Coleman-Pacific is in the District this week completing the electrical wiring. The technical staff from Huber, the manufacturer, will be here next week to oversee startup of the equipment. General Manager said it would be another plant tour item for the Board to see once it was up and running; **SAMA Meeting** – This month the SAMA meeting was held on June 8, 2011 at the Goleta West Sanitary District. There was no speaker, but there was good roundtable discussion on topics related to biosolids and collection system rehabilitation; **Septic to Sewer Project Update** – Rincon Consultants were engaged to prepare another addendum to the EIR/FEIR to address relocation of the central pump station for the Rincon Point component of the project to a location within the Santa Barbara County Rincon Beach Park. General Manager said an addendum was done a year or so ago to move the pump station to a location in the State Park. General Manager said it was later determined that a location in the County Beach Park on the west side would be a better solution. General Manager said it would not be a significant amount of work, but necessary to be compliant. General Manager said the County of Santa Barbara sent the District a letter regarding the District's "follow-on" land use permit being converted from a fixed fee project to an hourly billing project. General Manager said he corresponded with County staff expressing dismay as this non-discretionary permit had been represented as a minimal effort and subject to minimal fees. Easements and user agreements are continuing to be received, reviewed and recorded. Staff is working with the design team to develop a revised bid schedule for each project component; **Operations Update** - The treatment plant is operating in full compliance with our NPDES permit. The primary clarifier tank was drained and staff inspected all the wear parts and replaced certain items. The tank was cleaned and put back into operation, and the odors that were in the vicinity dissipated. The collection system is operating fine with no overflows to report. Bypass piping at Lift Station No. 1 was replaced and installed below ground to continue to make improvements to the aesthetics and the way the lift station works. Trees were trimmed away from the above-grade sewer pipeline located east of Carpinteria Creek and north of US 101 to minimize risk of damage and improve access. Jan Deering, the District's Safety and Training Officer, attended the CWEA Plant of the Year Workshop in Simi Valley on June 9th.

Public Hearing – Ordinance No. 13

Adopting a General Regulation Pertaining to Development Impact Fees and Repeal of Inconsistent Ordinances

General Manager said the Development Impact Fee (DIF) that the District charges was set forth in Ordinance No. 8, adopted in June 1999. At that time, the connection fee (DIF) was set at \$2400 per equivalent dwelling unit. General Manager said connection fees were governed by sections of the Government Code called the Mitigation Fee Act. General Manager said this Act requires that connection fees be based on an estimate of the reasonable cost of providing capacity for new users. General Manager said the objective was to develop a cost recovery system that achieved equity among new users with the existing users.

The District's *Wastewater Rate and Fees Study* that Raftelis Financial Consultants prepared includes an assessment of the District's Development Impact Fees. Raftelis looked

at the methodology used to set the fees in 1999 and also looked at different methodologies accepted in the industry and used commonly to determine and set Development Impact Fees. General Manager said the “buy-in” approach, which is based on the premise that new users buy into the system and achieve a financial position that is on par with other existing users of the system, was the most appropriate method for the District. This was the method used in 1999 to determine the fees, and Raftelis determined this was the methodology that made sense for the District.

General Manager said Ordinance No. 13, if adopted, would be the legal mechanism by which the District would implement a new Development Fee structure. General Manager said Ordinance No. 13 would accomplish the following:

- Repeal Ordinance No. 8 and Ordinance No. 1989-4 in their entirety and repeal sections of Ordinance No. 2 that are inconsistent or no longer applicable.
- Establish a baseline Development Impact Fee of \$2,936 per equivalent dwelling unit.
- Describe the methodology used to determine the baseline Development Impact Fee as the “buy-in” method based on the replacement cost of total assets, less depreciation.
- Establish the method to calculate non-residential Development Impact Fees for new or expanded development on the basis of equivalent dwelling units (EDUs).
- Provide for annual adjustment of the baseline Development Impact Fee using the Engineering News Record Construction Cost Index. published inflation index
- Provide mechanisms for relief

General Manager said it was staff’s recommendation that the Board approve an updated Development Impact Fee structure as proposed through the adoption of Ordinance No. 13.

Legal Counsel said he would like to make sure the record was clear, and as stated in Article III of Ordinance No. 13, that the District was in compliance with Government Code Section 6062(a) by advertising twice in the *Coastal View*. The District is in compliance with the various Government Code provisions relating to the adoption of this Development Impact Fee, and the *Wastewater Rate and Fees Study* of April 2011 should be incorporated by reference as part of the proceeding. Legal Counsel noted that the *Wastewater Rate and Fee Study* had been available and reviewed by the Board of Directors at prior meetings and prior to the adoption of Ordinance No. 13 that was being considered y the Board tonight.

Director Horwitz asked if the annual adjustment would occur through the budget process, or would the Board need to come back and modify the ordinance. General Manager said each year, on July 1st, the Development Impact Fee would be updated through our budget process.

Legal Counsel said the Board needed to open the public hearing and ask if there were any comments.

President Graf opened the public hearing, and since no public were in attendance, the hearing was closed.

Director Horwitz made a motion that District Ordinance No. 13, pertaining to updated Development Impact Fees, be adopted; Director Modugno seconded the motion, and Ordinance No. 13 was adopted 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.

Cash Contract No. 365: Penfield & Smith – Amendment No. 1

South Coast Beach Communities Septic to Sewer Project - General Manager said Dave Rundle, Project Manager, from Penfield & Smith was in attendance to answer questions

from the Board and to report on the status of the project. General Manager said Penfield & Smith had been engaged by the District to provide comprehensive engineering design and related services for the South Coast Beach Communities Septic to Sewer Project through approval of Cash Contract No. 365 in July 2009. General Manager said over the course of the design and permitting phase, the project team had experienced a significant number of unanticipated challenges and associated delays, attributed in a large part to the County of Santa Barbara discretionary permit process, and the process of obtaining homeowner approvals and easements had been substantially more difficult and costly than originally anticipated.

General Manager said specific to the Sand Point Road and Sandyland Cove components of the project, Penfield & Smith had worked through the obstacles with diligence and persistence, but, at this point, had exhausted the approved budget for this part of the project. General Manager also reminded the Board the construction bids received for Sandyland Cove and Sand Point Road communities were excessively high, and the Board had previously approved rejecting all bids and going back out to rebid this project.

General Manager said Penfield & Smith had requested the District consider an amendment to the approved scope of services and associated fees for this project. A letter was attached to the Staff Report from Penfield & Smith outlining the basis for the request. General Manager said a significant amount of extra work was involved in repackaging and rebidding the Sandyland Cove and Sand Point Road projects and the proposed amendment would cover engineering services through the award of a construction contract.

General Manager said dedicated funding for this project included a contingency, and the amendment proposed could be accommodated within the available project budget. General Manager said Proposition 84 grant funds would also provide an additional measure of contingency, if necessary, to cover unanticipated costs.

General Manager said the contract amendment would be implemented through transmittal of the attached letter from the District to Penfield & Smith, if Board-approved, and the revised contract amount would be \$1,021,000.

General Manager said Dave Rundle and he were available to answer any questions from the Board. Director Horwitz asked why the bids for the Sandyland and Sand Point Road components of the project had been so high. Mr. Rundle said there was a variety of reasons, including the requirement of Class A contractors license, and to address that issue rebidding the project would be opened up to different classes of contractors.

Director Modugno asked if the additional funds requested be used primarily to rebid the project. Mr. Rundle said primarily, the additional funds would be used for rebidding the project for the Sandyland Cove and Sand Point Road components.

President Graf asked Mr. Rundle if he had encountered the same type of situation in other areas as he had encountered with homeowners in the project areas. Mr. Rundle said he had not.

General Manager said it was staff's recommendation that the Board approve a \$30,000 amendment to Cash Contract No. 365 between the District and Penfield & Smith as proposed. Legal Counsel said he would like the motion to include approving the amendment to Cash Contract No. 365, but stating all other provisions of Cash Contract No. 365 would remain the same. Director Damron made a motion that the Board approve a \$30,000 amendment to Cash Contract No. 365 between the District and Penfield & Smith as proposed and all other provisions of Cash Contract No. 365 would remain unchanged; Director Modugno seconded the motion, and the motion was approved by a 5-0 vote.

2011 CASA Annual Conference – President Graf said this item was on the agenda as an informational item for any Board member who might want to attend the 2011 CASA Annual Conference to be held in San Diego on August 10-13, 2011. Director Moorhouse said

he would be attending and heading up the Legislative Committee. Legal Counsel said there was a specific program on the CASA agenda that would be worthwhile to attend on August 11 from 2:00 – 4:00 pm (*Wastewater Districts vs. Statewide Initiatives – Challenges and Opportunities*). Legal Counsel said he would not be able to attend. Director Moorhouse said that should be a good session. Director Modugno said he was interested in attending the conference. President Graf suggested that any Board member who was interested to contact the Office Manager/Board Clerk.

De Minimis Settlement Offer – US EPA Region IX

Casmalia Disposal Site – General Manager said the District had received a letter from the U.S. Environmental Protection Agency, dated June 10 2011, presenting a *De Minimis* Settlement Offer related to the Casmalia Disposal Site. General Manager said the settlement offer indicated that the District disposed of waste material at the Casmalia Disposal Site on two occasions in February 1982. General Manager said based on the information provided on the waste manifests included with the settlement offer, and on limited information available in the District records, it was clear that the material disposed of was non-hazardous municipal sewage sludge in liquid form. General Manager said the Casmalia Disposal site is a federal “Superfund” site under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) that was designed to clean up hazardous substances that might pose a threat to human health or the environment. General Manager said any agency that had disposed of any kind of waste in the past had some financial responsibility for cleaning up this superfund site. General Manager said in the *De Minimis* offer, it did not go after the larger agencies as those agencies had either already settled or were negotiating with the EPA on financial obligations to clean up the site. General Manager said for the District, they were recommending a settlement of two different options: 1) \$8,246 that would absolve the District from any further responsibility, and 2) \$6,313 where the District would retain some liability going forward.

General Manager said in looking back at District Board records from 1982, there was a register item that said the District paid \$1,832 to Reagens Vacuum Truck Service. General Manager said it was Municipal wastewater sludge from one of our digesters, for whatever reason, and there was no evidence to say what happened.

General Manager said he contacted the EPA’s consultant and explained who we were and what we did. The consultant said if this was municipal wastewater sludge and that’s all it was, the District probably wouldn’t end up with any liability. He suggested we send a letter to the EPA explaining the situation. He didn’t guarantee anything, but did say other agencies in this situation, including the City of Santa Barbara, had been exempted from financial obligations. General Manager said he drafted the letter that was attached to the Staff Report and sent to the Casmalia Case Team explaining that it was municipal sewage sludge. General Manager said he explained that, although no records exist to document actual pollutant concentrations in the material disposed in 1982, the District’s biosolids have consistently met the Exceptional Quality (EQ) criteria as set forth in 40 CFR Part 503. General Manager said the material disposed of in 1982 would have been similar in its nature and chemical composition, and, on that basis, he requested that the District be exempted from liability in this case. General Manager said this item had been presented to the Board for the Board’s information. Legal Counsel said he had clients that were minor dischargers in the Casmalia case that settled with the EPA eleven years ago. Legal Counsel said last month he received, on behalf of two of those parties, demand letters from the State of California that said they had some oversight costs with respect to Casmalia and wanted the clients that had settlement agreements made eleven years ago to now pay in their share to the State. Legal Counsel said, not only would it take some time, but the District may also

hear from the State of California down the road. Legal Counsel said it was worthwhile for the District to send the letter asking for exemption to be on the record.

Finance Committee – Director Horwitz reported the Finance Committee met on June 20th and reviewed the monthly budget report, SSC overview and the preliminary FY 2011/2012 budget that would be presented to the full Board at the next meeting.

Personnel Committee – Did not meet.

Public Relations Committee – Did not meet.

CASA Legislative Committee Report – Director Moorhouse said he received numerous legislative bills prior to arriving at the meeting tonight, and he would be involved with the CASA Legislative Committee through a conference call this week. Director Moorhouse said one of the bills was the Prosecution by District Attorney legislation. Legal Counsel said that would be the Prosecution by District Attorney of civil actions against POTWs for sewer overflows or illegal discharges. Director Moorhouse said it was a significant piece of legislature.

SBCSDA Report – Director Moorhouse said the CSDA meeting on Monday in Buellton should be a good one, in case any of the Board members could attend. Director Moorhouse said the presentation would be regarding legislative issues.

LAFCO Report – Director Moorhouse said LAFCO would be meeting next week.

Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 6:27 p.m.

Lin Graf
President

Mike Modugno
Secretary Pro-Tem

Michael Damron
President Pro-Tem

Jeff Moorhouse
Secretary

Pat Horwitz
Treasurer