

**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 **July 5, 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: None

President Graf called the meeting to order and asked Director Modugno 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 June 21, 2011 – Legal Counsel made a correction on page 5, sixth line up from bottom on page, changing the word major to minor. Director Horwitz made a motion that the Minutes of the June 21, 2011 Board meeting be approved as corrected; Director Damron 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:

LAFCO Final Budget – The District received LAFCO's final budget for the 2011/12 fiscal year. The cost increased from the draft budget to \$3,220, but is still within the amount allocated in the District's annual operating budget for this item;

Office Manager Recruitment Update – The open application period ended on June 24th, and 58 applications were received. General Manager said, with input from the Board Personnel Committee, the applicants were narrowed down to a group to be interviewed on July 12th. General Manager said a target date of August 1st had been set as a hire date. Director Horwitz asked of the 58 applications received, how many were reviewed and scheduled for an interview. General Manager said the committee reviewed fifteen applicants, and six would be interviewed;

IRWMP Process Update – General Manager said he participated in a cooperating partners meeting via conference call on June 21, 2011, and said the Prop 50 grant program was moving along, with some of the partners completing their projects and had received the allocated funding. General Manager said the next phase of the IRWMP, the Prop 84 program, was a focus of the meeting. General Manager said our region received full funding of the planning grant request, and \$17M in Phase 1 implementation grant funding, which was more than requested. Meeting minutes from the meeting were attached to the Staff Report for the Board's information;

Operations Update – General Manager reported that the District experienced a sewer overflow last night, July 4th in front of the Administration building, at the corner of Sixth and Olive Streets. General Manager said it involved overflow from a couple of manholes. Someone saw wastewater coming out of the manhole and called the Fire Department, who called the Water District, and then we got the message. General Manager said staff came out and was able to remedy what could have been a bad situation. General Manager said sometime over the holiday weekend the phone lines that going from the pole on the corner of Sixth and Olive into the District's treatment plant came off the pole and were still on the ground. General Manager said the two lines going into the treatment plant had pairs of lines in each bundle of wires, and those lines were connected to the District's redundant alarm system – one set connecting to the District's phone-based alarm system (SCADA system), and another set of lines connecting to the District's autodialer (backup system). General Manager said if the SCADA alarm system failed, the backup calls out. General Manager said with both lines down, the District did not have any land lines. General Manager said around 8:00 or 8:30 p.m. there was some sort of power surge or brief power outage that took out some equipment at the plant and the District's influent pumps. General Manager said without any phone lines there was no way to get the message. General Manager said fortunately the District was notified, which prevented a more catastrophic event. General Manager said without the influent pump, sewage would start backing up into the collection system, and in this case approximately 1000 gallons of sewage escaped. General Manager said staff responded to restart the pumps and address overflow mitigation and cleanup. General Manager said staff did a great job following protocol in the Sewer Overflow Response Plan and reporting protocols. General Manager said staff notified the State Office of Emergency Services, and they call out the Environmental Health Department and Regional Water Quality Control Board. General Manager said Environmental Health came out and checked out Carpinteria Creek today and there were no issues. General Manager said the cleanup was done well. General Manager said the Operations Manager, Mark Bennett, called Verizon this morning and asked them to come out to repair the lines. General Manager said the lines were still down and Verizon sent a text message saying they would send someone out by the end of tomorrow. General Manager said, in the meantime, land phone lines at the District's lift stations were replaced with cellular-based lines, so the cellular modem from Mission Terrace lift station was used at the plant on a temporary basis to connect the autodialers. Director Damron asked if there was a way to use the cell modem as a redundant backup system to the regular phone lines. General Manager said there had

not been a problem of this type in fifteen years, as the two lines provided the redundancy, but staff had discussed having a cell phone modem in place as a third redundant system. General Manager said it could have been a lot worse and was very pleased with the way staff responded. Director Horwitz asked if taking out the modem from Mission Terrace left those homes unprotected. General Manager said there were only eighteen homes built out there, and if there was a problem, the wetwell was large enough to accommodate flows for a period of days. General Manager said it would be replaced when Verizon came out and made repairs, and that it was a temporary fix.

General Manager said the treatment plant was running well. The Rotary Screw Press project is ready for startup. The Huber representatives are coming back the first part of next week. There was a problem identified with the control unit for the disinfection system and repairs will be made. Any compliance issues were avoided due to the District's full redundancy system. The District's Engineering Technician, Lance Lawhon, has been working with Santa Claus Lane properties. When Padaro Beach Grill went back into operation, a grease interceptor and Lance is working with the property owners and the restaurants to try to mitigate and control some grease discharges that impact the District's lines in that area.

Resolution No. R-241: Sewer Service Charges on Assessor Rolls Hearing – General Manager said this item was on the agenda each year at this time. A notice was published twice in the *Coastal View News* about tonight's hearing. General Manager said Resolution No. R-241, according to state law, allows the District to place our sewer service charges on the tax roll. A procedure text was provided to the Board President for conducting the hearing.

President Graf opened the hearing and asked General Manager to call the roll. Answering "present" were: Directors Modugno, Horwitz, Damron, Moorhouse and Graf. General Manager said there were five Board members present, and that met the 2/3's quorum required by State law to adopt the resolution setting rates on the County Assessor's Rolls.

President Graf asked General Manager to file the Notice of Hearing and Proof of Publication of the hearing with the Secretary. General Manager delivered proof of publishing of the Notice of Hearing to Board Secretary, Director Moorhouse.

President Graf noted for the record there were no members of the public present. General Manager said there was no Majority Protest. President Graf said since there was no majority protest, the hearing was declared closed. President Graf asked for a motion on the resolution. Director Damron made a motion that the Board adopt Resolution No. R-241, ordering the filing with the County Auditor of a report of sewer service charges for FY 2011/2012 to be placed on and collected by the County Assessor's Rolls; Director Moorhouse seconded the motion, and the motion was approved by the following 5-0 roll call vote: Director Modugno voted aye, Director Horwitz voted aye, President Graf voted aye, Director Damron aye and Director Moorhouse voted aye.

Resolution No. R-242: Setting Appropriations Limit for FY 2011/12 – 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 municipality entity or other local governmental entity may collect from property tax revenue. Finance Director said the District's appropriations limit for FY 2011/2012 was \$3,021,482, and the projected property tax revenue for this period was \$450,000, well within the established limit.

Director Moorhouse made a motion that the Board adopt Resolution No. R-242 setting the appropriation limit for FY 2011/12 as presented; 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. 243: Adoption of the FY 2011/12 Annual Budget - General Manager said this budget was another successful document with input from all departments and had been developed as a team effort. General Manager said he'd like to thank Hamid and Mark Bennett, the Operations Manager and the Board Finance committee. General Manager said this coming fiscal year resulted in a favorable operating budget at a time when costs were escalating in certain areas. General Manager said the sewer service charges were increased, effective July 1, 2011, and revenues were increased by approximately four percent. 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 reviewed the Capital Improvement Program (CIP) projects with the Board. General Manager said the District would continue implementation of the Board approved Capital Improvement Program (CIP), which primarily addresses infrastructure and equipment needs at the treatment facility and within the wastewater collection system. General Manager said Resolution No. R-243 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-243.

Director Horwitz said she would also like to thank the General Manager and staff for all the work put into this budget and in such a timely manner. Director Horwitz said as Finance Chair she appreciated the effort. Director Horwitz said she'd like to make a motion that the Board adopt Resolution No. R-243 approving the FY 2011/12 Budget as submitted; Director Modugno seconded the motion. Director Moorhouse asked the name of the award the District had received for financial reporting. General Manager said the organization that gave the District the Certificate of Achievement for Excellence in Financial Reporting was the Government Finance Officers' Association (GFOA). President Graf asked the Board Clerk to call for the vote, 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.

Agreement for Construction of Wastewater Conveyance Facilities

6380 Via Real (Lagunitas Residential) – General Manager said the property located at 6380 Via Real was annexed into the District on March 16, 2009, and the District had a sewer easement on the southern and southwest portion of the parcel, occupied by a 10-inch sewer main and three sewer manholes. The parcel was divided after annexation and the residential portion of the project was purchased by MD2 Development who subdivided the parcel and recorded a new Tract Map for a proposed seventy three (73) unit single family and condominium development, known as Lagunitas Residential. General Manager said work would include modification of two existing manholes and a new 10-inch sewer line would be constructed. General Manager said these improvements were being constructed at the

District's request to realign an existing sewer away from environmentally sensitive habitat and into a new access road. General Manager said, as compensation, the District would apply a credit in the amount of \$31,684.00 as an offset to the Development Impact Fees.

General Manager said the proposed Agreement for Construction of Wastewater Conveyance Facilities sets forth the requirements for Developers to construct and dedicate to the District the necessary sewer infrastructure for the proposed subdivision, and it was staff's recommendation that the Board approve the Agreement for Construction of Wastewater Conveyance Facilities between the District and MD2 Communities as presented.

Director Damron made a motion that the Board approve the Agreement for Construction of Wastewater Conveyance Facilities between the District and MD2 Communities as presented; Director Modugno seconded the motion, and the motion was approved by a 5-0 vote.

Cash Contract No. 387 – Kennedy/Jenks Consultants

Preliminary Engineering for Plum/Pear Street Sewer Relocation Project - General Manager said the District owns and operates an existing gravity sewer pipeline within Plum Street and in an easement parallel to the Union Pacific Railroad corridor between Plum Street and the District's Lift Station No. 2. General Manager said the District's Wastewater Collection System Master Plan from April 2005, identified approximately 2,000 linear feet of this pipeline reach as being undersized and constructed in the 1930's. General Manager said CCTV inspection had identified a significant number of structural defects and many areas of groundwater infiltration and replacement of the sewer pipelines in this area was recommended. General Manager said the Board authorized the design phase of this project in FY 2010/2011, and the construction phase is included in the FY 2011/12 capital budget.

General Manager said replacement of the pipeline segments was challenging for a number of reasons. A significant portion of the undersized pipe is located in an easement that has experienced substantial encroachment over the past several decades, and construction access to pipelines behind sound walls and in proximity to condominium, buildings would be difficult. General Manager said the area is also adjacent to the Carpinteria Salt Marsh. General Manager said feasible options might include pipebursting, realignment and other non-conventional approaches to replacement.

General Manager said staff contacted Kennedy/Jenks Consultants to discuss engineering design services for this challenging project, and following two site visits and planning meetings, a two-step design process was suggested. The first step was a feasibility analysis to finalize an implementation approach. General Manager said a key step in the first phase was to determine if a right of way could be acquired from UPRR to relocate the pipeline to the south into an alignment that was accessible and would allow for conventional pipeline installation. General Manager said if this was not viable, Kennedy Jenks would develop a trenchless replacement approach.

General Manager said Cash Contract No. 387 was based on a letter proposal from Kennedy Jenks that outlined their proposed scope of services. The proposal was attached to the Staff Report for the Board's information. General Manger said the work would be completed on a time and materials reimbursement basis with a not to exceed total of \$14,285, and it was staff's recommendation that the Board approve Cash Contract No. 387 between the District and Kennedy/Jenks Consultants with a not to exceed contract amount of \$14,285.

Director Damron made a motion that the Board approve Cash Contract No. 387 between the District and Kennedy/Jenks Consultants as proposed; Director Moorhouse seconded the motion, and the motion was approved by a 5-0 vote.

Contract Document Acceptance and Authorization to Solicit Bids

Bluffs Sewer Relocation Project – General Manager said the District’s Bluffs Sewer Relocation Project had been in the planning and development stage for many years and was finally moving into the implementation phase. General Manager said design of the Bluffs Sewer Relocation Project was completed by Penfield & Smith, and copies of the 100% complete Contract Documents (plans and specifications) were available for review at the District office. The Board of Directors approved the project and certified a Mitigated Negative Declaration in November 2009. Land use permits from the City of Carpinteria have been approved. General Manager said an encroachment permit from the California Department of Transportation was obtained and an encroachment permit from the City of Carpinteria was pending. General Manager said easement and right of way acquisition was in the final stages and was expected to be complete prior to awarding a construction contract.

General Manager said the District would engage a consultant to provide construction management and on-site inspection during the installation phase and would come back to the Board at a future meeting for approval.

General Manager said if the Board approved and accepted the 100% Contract Documents, a public advertisement and bid process would be undertaken. General Manager said a 160 working day contract period had been established which would set a target completion date in April 2012, and the tentative bid date has been set for August 4, 2011.

General Manager said it was staff’s recommendation that the 100% complete Contract Documents for the Bluffs Sewer Relocation Project be accepted and that authorization be given to advertise and solicit bids for construction.

Director Horwitz made a motion that the Board accept the 100% complete Contract Documents for the Bluffs Sewer Relocation Project and that authorization be given to advertise and solicit bids for construction; Director Modugno seconded the motion, and the motion was approved by a 5-0 vote.

District Legal Counsel – General Manager said a letter from Joel Mark and District’s Legal Counsel, Tony Trembley from Nordman Cormany Hair & Compton LLP was attached to the Staff Report which stated that Tony Trembley was leaving the firm. General Manager said the District entered into an engagement with Nordman Cormany Hair & Compton in 2008, the last time the agreement was updated. General Manager said the relationship goes back to 1990, and Tony had been serving the District well since that time.

District Legal Counsel, Tony Trembley, addressed the Board, drawing their attention to a letter from himself and Mr. Mark, Managing Partner of Nordman Cormany Hair & Compton that outlined the following options:

1. The Board may choose to keep the District’s legal work with the Nordman firm, through the assistance of other attorney(s) in the office;
2. The Board may choose to keep the District’s legal work with Mr. Trembley, and thereby have the District’s files transferred to Musick Peeler & Garrett LLP;
3. The Board may choose to do both, by keeping a portion of the District’s legal work with the Nordman firm and transferring a portion of the District’s legal work to Mr. Trembley at Musick Peeler & Garrett LLP;
4. The District may choose to select a different law firm for the District’s legal work and have the District’s files transferred to that law firm.

Mr. Trembley said if the District was interested in transferring its current legal matters to him at the new firm, or any future legal matters, he wanted to make sure the Board had the information regarding the new firm. Mr. Trembley passed out packets to the Board and staff with information about the new firm and an overview of three of the thirteen different practice areas. Mr. Trembley said he would be a partner in the Environmental and Public

Law Practice. Mr. Trembley said the firm did represent public entities, and there were about a hundred attorneys in the firm. Mr. Trembley said the primary office was in Los Angeles, and the Ventura County office where he would be working was located in Westlake Village. Mr. Trembley said he was excited about joining the new firm. Mr. Trembley said he had been with Nordman Cormany Hair & Compton for almost 28 years, and was sad to leave an outstanding firm, but he was also excited about going to another outstanding firm. Mr. Trembley said he had been proud to represent Carpinteria Sanitary District in the past, and he would like to continue as the District's Legal Counsel.

President Graf asked if the District was under any obligation to continue with Nordman with the District's present agreement. General Manager said the agreement spells out very clearly that either party is free to withdraw from the arrangement at any time. Director Horwitz asked if the same fees charged by Nordman would apply at Musick. Mr. Trembley said there would be no change in his rates.

Director Moorhouse said he had a chance encounter with Nancy Schreiner over the weekend, who later called and emailed her resume and the firm's resume. Ms. Schreiner expressed her interest and the firm's interest in continuing to be the District's legal counsel.

Director Moorhouse asked Mr. Trembley if he knew of any potential conflicts the new firm may have with the District or its interests. Mr. Trembley said he did not know of any.

Director Horwitz said she would like Option #2 because of her experience with Mr. Trembley while on the Board at the District. Director Horwitz said over the years there had been some interesting legal matters, and some were scary at times, but she always felt supported by Mr. Trembley and the way he handled things. Director Horwitz said Mr. Trembley had always been available and at times gone beyond the normal.

Director Damron said he had been on the Board longer than anyone else and had seen all kinds of interesting and diverse situations that Tony had to handle. There were issues when building the plant, contractors going bankrupt in the middle of building, and litigation here and there with the Septic to Sewer Project. Director Damron said our relationship as a Board and Special District had been with Tony, who Director Damron described as a "professional to a fault." Director Damron said he would only support Option #2.

President Graf said he agreed with Directors Horwitz and Damron. President Graf said you develop relationships, and Mr. Trembley looked out for the good of the District.

Director Moorhouse said there was a time when the District was sued and the Board members were named individually as defendants. Director Moorhouse said he appreciated the teamwork that was orchestrated by Mr. Trembley in the District's defense when going through tough times. Director Moorhouse said the one area that needed to be looked at was the separation of firms dealing with employee issues and labor laws. Director Moorhouse said the person representing the District currently had also left Nordman for another firm and the District chose to continue with her. Director Moorhouse said he would vote to continue with Mr. Trembley as District Legal Counsel, but later would like to look at the employee and labor law division of Musick.

Director Damron made a motion that the Board approve Option #2 to continue the District's legal counsel with Tony Trembley and have the District's files transferred to Musick Peeler & Garrett LLP; Director Horwitz seconded the motion, and the motion was approved by a 5-0 vote. Mr. Trembley thanked the Board for their support.

Santa Barbara County Civil Grand Jury Report

Local Government Post Employment Benefits in Santa Barbara County – General Manager reported to the Board that on June 16, 2011 the District was served with a copy of the report attached to the Staff Report from the Santa Barbara County civil Grand Jury entitled *Local Government Post Employment Benefits in Santa Barbara County – Complicated and Costly*. General Manager said this report presented a series of findings and

recommendations regarding public agency pensions and post-retirement benefits. General Manager said the District, pursuant to penal Code Section 933.05, was obligated to provide a written response to each finding and recommendation within 90 days. General Manager said District staff had prepared a draft document responding to the findings and recommendations and was attached to the Staff Report for the Board's review.

The Board reviewed the District's response drafted by staff and did not make any changes to the report. Director Damron said it showed the Carpinteria Sanitary District did not have anything to hide. General Manager said he would mail in the report as presented with the findings and recommendations.

CSDA 2011 Board Election – President Graf asked the Board if there were any recommendations to fill the open seat on the CSDA Board of Directors. Director Moorhouse said Jim Acosta was the incumbent and had just completed his first term on the Board. After Board discussion, Director Horwitz made a motion that the Board vote for Jim Acosta to serve a three-year term on the CSDA's Board of Directors; Director Damron seconded the motion, and the motion was approved by a 5-0 vote.

Finance Committee – Did not meet.

Personnel Committee – Director Moorhouse reported the Personnel Committee met and reviewed applications for the Office Manager/Board Clerk vacancy.

Public Relations Committee – Did not meet.

CASA Legislative Committee Report – Director Moorhouse said everyone should have their agenda for the CASA Conference, and it should be a good one. Specifically, on the State Legislative Agenda, there would be a recap of some of the issues presented by California Forward the day before. Director Moorhouse said there were a lot of good topics and great breakout sessions.

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.

Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 7:13 p.m.

Lin Graf
President

Mike Modugno
Secretary Pro-Tem

Michael Damron
President Pro-Tem

Jeff Moorhouse
Secretary

Pat Horwitz
Treasurer