

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 **November 7, 2006**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

Directors Present:    Jeff Moorhouse – President  
                              Lin Graf – President Pro-Tem - **Absent**  
                              Michael Damron – Secretary  
                              Doug Treloar – Secretary Pro-Tem  
                              Patricia Horwitz – Treasurer

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

Legal Counsel  
Present:               None

Public Present: Richard Teaman – Teaman, Ramirez & Smith CPAs  
                              Doug White  
                              Jaleh White  
                              Giti White  
                              Sandra Will Carradine

President Moorhouse called the meeting to order, and then asked Director Horwitz to lead the Pledge of Allegiance. Director Horwitz then did so.

President Moorhouse noted that Director Graf was not present due to being in China. President Moorhouse also noted that the District's Legal Counsel, Tony Trembley, was absent.

President Moorhouse asked if there were any modifications and/or changes to the agenda. Hearing none, the agenda stood as submitted.

Minutes of the October 3, 2006 Board Meeting. Director Treloar made a motion that the October 3, 2006 minutes be accepted as presented; Director Damron seconded the motion and the motion was approved by a 3-0 vote. Director Horwitz abstained, due to being absent from the meeting.

Minutes of the October 17, 2006 Board Meeting. Director Horwitz made a motion that the October 17, 2006 minutes be accepted as presented; Director Damron seconded the motion and the motion was approved by a 3-0 vote. President Moorhouse abstained from voting, since he was absent from the meeting.

Public Forum. None

Audited Financial Statements for the 2005/2006 Fiscal Year. General Manager introduced the District's Finance Director, Hamid Hosseini and Mr. Richard Teaman, the District's auditor from Teaman, Ramirez & Smith, Certified Public Accountants. Finance Director reported that Mr. Teaman would go over the District's Audited Financial Statements for the 2005/06 fiscal year and he would conclude the presentation summarizing the financial statements, CIP report, detail of monthly revenue and expenses, property tax revenue, investment report and a Development Impact Fee report.

Mr. Teaman said this was the first year that Teaman, Ramirez & Smith had prepared the District's Audited Financial Statements and the firm spent time getting familiar with the District, staff, and gathering permanent file documentation. Mr. Teaman reported the process went very smooth because the District's staff was well prepared and organized. Mr. Teaman said the auditor's goal in this process was to state an opinion on whether or not the District's financial statements are fairly presented, and Mr. Teaman reported to the Board that the statements were fairly presented. Mr. Teaman said this was verified by testing transactions and balances. Mr. Teaman stated there were no areas identified as problem areas.

Mr. Teaman said there were a few changes from the prior year audit:

- Page 1 - a line was deleted for grants and receivables because the District had not received any for the past two years
- Page 2 - in the prior year there was a line for general obligation bonds and that line was deleted
- Page 3 - a new line labeled *Line Dedications* was included
- Page 6 - the Board of Directors and Management Staff were added in the footnote. Director Treloar asked if the staff listing had been corrected. Financial Director said there were corrections made and a revised page had been inserted.
- Page 8 - under property taxes, a table had been added to a calendar of when the property taxes are received
- Page 13 - Footnote #6, the format was changed to reflect increases and decreases of capital assets to show the activity during the year
- Page 14 - Footnote #8, a line was added related to the deferred loss that is amortized. By adding this in, it ties to the District's Statement of Net Assets.

- On Page 15 - Footnote #9, the prior year amount was added for comparison purposes
- On Page 17 - Footnote #14 was added with language describing a new program for the District
- Page 18 - a column was added to reflect the original and final budget
- Page 15 and 16, Mr. Teaman said a footnote related to PERS defined benefit was added which detailed a three-year trend period
- Page 3 - the District had a net income of \$1,106,000 and the prior year was \$787,000. Mr. Teaman said in the non-operating revenue section, the first item, line dedications, shows \$172,000 and 0 in prior year. Also, there were higher interest and tax revenues in this current year.

Mr. Teaman said along with the audited financial statements there was a report on internal control and financial compliance that is required by Government Auditing Standards, and Mr. Teaman said he was happy to report there were no findings or exceptions in that report. Mr. Teaman said there was a report related to the appropriations limit that was adopted by the Board. Mr. Teaman said this was a new report generated this year and was required under State Law and that report identifies there were no findings or exceptions as well.

Mr. Teaman turned the presentation over to Finance Director, Hamid Hosseini, who went over the supplemental reports and pointed out that nine Capital Improvement Projects out of the 23 listed had been completed this fiscal year. Finance Director pointed out the District's LAIF interest rate had been rising and the LAIF interest rate was higher than the interest rate being paid by the Santa Barbara County pooled fund.

Director Treloar said the Finance Committee had reviewed the information that was presented this evening and made a motion that the Board adopt the Audited Financial Statements for the year ended June 30, 2006 and that the Finance Director be authorized to distribute the necessary reports; Director Horwitz seconded the motion. Director Horwitz and Director Treloar thanked Mr. Teaman and staff for doing a great job. President Moorhouse called for a vote, and the motion was approved by a 4-0 vote.

**Cash Contract No. 339 – Penfield & Smith for Annexation Engineering Services.** General Manager said on September 19, 2006, the Board approved implementation of the South Coast Beach Communities Septic to Sewer Project and concurrently certified a Supplemental EIR for this multi-faceted project. General Manager said one of the key things the District did was approve annexing these discrete communities into the District's service area boundary. The approved areas were Rincon Point, Sand Point Road, Sandyland Cove, and the eastern portion of Padaro Lane. General Manager said annexation is a formal boundary change that is administered by the Local Agency Formation Commission (LAFCO). General Manager said what is being proposed as a process would bring all these communities into the District's service area boundary through one single annexation process. General Manager said administratively it would save a lot of time and money.

General Manager said District staff would prepare a Proposal Justification Questionnaire, requesting that the properties be annexed. A boundary map and legal descriptions, prepared by a

licensed land surveyor conforming to LAFCO standards, would need to be included with the Proposal Justification Questionnaire. District Staff solicited a proposal from Penfield & Smith for the preparation of a map and legal description of the annexation area. That proposal is included with Cash Contract No. 339. General Manager said Penfield & Smith would also provide assistance in completing the LAFCO Proposal Justification Questionnaire and attend meetings as necessary. A time and materials reimbursement basis had been proposed with a not to exceed amount \$17,200, and the work could be completed within six weeks of the Board's authorization.

General Manager said the County of Santa Barbara had committed grant funding to cover the cost of the proposed engineering effort.

General Manager said Cash Contract No. 339 had been reviewed by District Counsel and staff recommended that the Board approve Cash Contract No. 339 between the Carpinteria Sanitary District and Penfield & Smith for professional engineering services with a not to exceed amount of \$17,200.

Director Treloar asked if the District had to go through this application process with two counties, Ventura and Santa Barbara, since the annexation area covered both counties. General Manager said the District would only have to go through the process with Santa Barbara LAFCO. General Manager said the LAFCO director from Ventura County had written a letter to the District saying this process would be administered through Santa Barbara County LAFCO.

President Moorhouse said there were speaker slips submitted to speak regarding this item on the agenda. The speakers included Giti White, Doug White, Jaleh White and Sandra Will-Carradine. They addressed the Board individually and asked the Board to consider a multiple annexation process, instead of a single annexation process.

President Moorhouse closed the Public Comment period and asked Board members for comments. Director Treloar said the District had not looked at annexing each area separately, and asked what the county would say about compensating the District for the expenses if annexed separately. General Manager said the County had agreed to pay only for those exhibits with the intent to economize the process and to save homeowners, District staff time and LAFCO staff time. General Manager said staff could take the comments heard tonight and inquire with LAFCO about their approach. General Manager said LAFCO had included an outline of the process. General Manager said what the Board was considering was a contract with the engineers to prepare the map. Additional actions to authorize the annexation proposal would come before the Board at future meetings.

Director Horwitz made a motion that the Board approve Cash Contract No.339 between the Carpinteria Sanitary District and Penfield & Smith dated November 7, 2006 with a not to exceed amount of \$17,200; Director Treloar seconded the motion, and the motion was approved by a 4-0 vote.

**South Coast Beach Communities Septic to Sewer Project – Planning Discussion and Anticipated Implementation Timeline.** General Manager said this was an informational item for the Board, and no action was required. General Manager said he wanted to go over the basic steps necessary to implement the project for the individual communities and the anticipated timeline for implementation. General Manager said the steps were: 1) Annexation Proceedings; 2) Assessment District Formation; 3) Funding Procurement; 4) Final Design Engineering, 5) Permitting; and 6) Construction.

General Manager went over the annexation proceedings, and said he thought it was important to remind the Board of the process and timeline.

General Manager said that the 13 parcels east of Beach Club Road would proceed as a main sewer extension project that is directly funded and implemented by the participating property owners. For the other three communities, the District would pursue formation of a single or multiple assessment districts to provide the funding mechanism to fund those projects. The assessment district would allow those homeowners to pay back the costs over a period of 20 years. Each property owner would have the opportunity to pay cash up front and not be assessed on their property taxes.

General Manager said the formation process for Rincon Point was a complex one, governed by state laws. Staff is currently in the process of soliciting quotes from firms that would provide bond counsel, financial advisory and bond underwriting services.

General Manager said homeowners would have a ballot to decide whether or not they want to form the assessment district.

Director Horwitz asked if the property tax exchange issue was ever resolved. General Manager said a question would need to be answered as the larger group of parcels is annexed into the District - would it be in the District's best interests to pursue the property tax exchange agreement and seek to get a portion of the property tax the District is entitled to, or some other negotiated amount? That will be a policy decision the Board will need to make at a later time.

General Manager said staff is preparing a Concept Proposal, which is the first step in making a grant application to the State Water Resources Control Board. General Manager said it was a program within Prop. 50 Clean Beach Initiative and it allocates funding for projects and improved water quality. Rincon Beach is on the list, and would be the only septic to sewer project that would qualify for grant funds.

General Manager said staff is considering engineering studies prepared by Penfield & Smith, updating the design concept and cost estimates for Sandyland and Sand Point Road. One community has 37 homes and the other 21 homes. Those studies will come to the Board in the near future. One of the things those studies looked at was the idea of using low-pressure grinder pumps for those communities - the same approach as Rincon Point. There are advantages in regards to capital costs and minimizing construction related impacts. It would eliminate the need for four District-owned pump stations under the original design concept. Staff is evaluating the long term fiscal impacts to the District and will be performing outreach to property owners there to gauge their level of support or opposition to this change. No new environmental impacts are anticipated.

General Manager said one of the key issues in the analysis of low pressure sewer systems, and this also pertains to Rincon Point, is the long-term ownership and maintenance of the individual grinder pumps. Previously, staff presented options that included private ownership with a fee-based service provided by the District or another governmental agency and public ownership and maintenance of the grinder pump systems.

General Manager said he recently visited Karcher Creek Sewer District in Port Orchard, Washington. This agency owns all the units and tracks all maintenance costs and response times. They feel the public ownership approach provides their customers with the highest level of service. Staff is planning to visit other agencies with grinder pumps. A more detailed presentation with a recommended management approach will come before the Board in the coming months.

Director Horwitz asked if there was an additional fee to homeowners in Washington that have a pump. General Manager said this particular agency does not charge a premium rate to homes with grinder pumps. Director Horwitz asked the percentage of homes that had grinder pumps over gravity. General Manager said this District had fewer connections than the Carpinteria Sanitary District. Their district is spread over a larger area. General Manager said they have 4500 connections and 500 are grinder pumps.

**2007 CASA Mid-Year Conference.** President Moorhouse said Board members should have received information about the CASA Mid-Year Conference. President Moorhouse said he attended this conference last year and found it to be informative. President Moorhouse said if any Board member was interested in attending, this would go back on the agenda for approval.

**General Manager's Status Report.** General Manager reported on the following: **Biosolids Management Contract Status** – Staff is looking at alternatives for Biosolids management. General Manager said the best solution at this time may require a capital equipment purchase. Staff is looking at changing the District's conveyor or getting a loader so the biosolids could be hauled in 40-yard trailers. Recommendations and vendor contracts will be presented to the Board in the near future; **SBCSDA October Meeting** – Directors Moorhouse and Damron and the General Manager attended the SBCSDA meeting on October 30<sup>th</sup>. Annual awards were presented and officers were elected for 2007. Speaker was Peter Detwiler, lead staff person for the Senate Committee on Local Government; **Aeration Blower Control Improvements** – Random failures of the aeration blowers have continued. Staff believes the fluctuations in line voltage may be contributing to the failures. Engineers from Edison came out for a comprehensive inspection and onsite monitoring. Based on Edison's recommendation staff installed ferroresonant transformers on the feed to the blower control units. District staff will monitor the outcome. **Third Street Lateral Replacements** – The District will replace two deteriorated orangeberg sewer laterals that were installed in the sixties. This work will be performed by a local contractor. **Operations Update** - The WWTP is operating in full compliance with the effluent limits in our NPDES Permit. The Collection system is operating fine with no SSOs during this reporting period. Flow meters are being installed. Eucalyptus trees adjacent to the Administration Building were pruned last week.

Director Treloar asked if there were changes that needed to be made to the District's dewatering building in looking at the biosolids management handling. General Manager said staff is looking at a modification of the conveyor. General Manger said one of the options staff is looking at is dumping the material into the bay and having them drive up in an empty truck, then use a loader to pick up the bay and load the truck when it arrives to haul it away.

### **Board Committee Reports**

**Finance Committee.** Did not meet. The November meeting will be on the 4<sup>th</sup> Monday at 8:30, instead of the 3<sup>rd</sup> Monday.

**Personnel Committee.** Did not meet.

Public Relations Committee. Did not meet.

Board General Items: None

Future Agenda Items: 2007 CSDA Committee Appointments

Adjournment. There being no further items to discuss, President Moorhouse adjourned the meeting at 6:52 p.m.

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Michael Damron  
Secretary

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Lin Graf  
President Pro-Tem

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Patricia Horwitz  
Treasurer

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Jeff Moorhouse  
President

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Douglas Treloar  
Secretary Pro-Tem