

**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 18, 2008**, 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 - **Absent**  
Jeff Moorhouse – Secretary  
Pat Horwitz – Secretary Pro-Tem  
Doug Treloar – Treasurer

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

Legal Counsel  
Present: Anthony Trembley

President Graf called the meeting to order, and Director Treloar led the Board, staff and public in the Pledge of Allegiance.

President Graf noted, for the record, that Director Damron was absent from the Board Meeting.

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

**Approval of Minutes of the Meeting of October 21, 2008** – Director Horwitz made a motion that the Board approve the October 21, 2008 Minutes as submitted; Director Treloar seconded the motion, and the motion was approved by a 4-0 vote.

**Public Forum.** None

**General Manager's Status Report - CSD Staffing Update** – General Manager reported John Bacchilega began work in the Laborer position on November 3<sup>rd</sup> and was doing a good job and a nice addition to the Operations staff; **South Coast Beach Communities Septic to Sewer Project Update** – Staff has continued to work with the Finance Team to finalize the documentation necessary for the upcoming bond sale, including the Preliminary Official Statement, Fiscal Agent agreement, Bond Purchase Agreement and the Resolution Authorizing Bond Sale. These documents will come back to the Board at their next meeting on December 2, 2008. Staff participated in several conference calls to discuss the schedule

and procedures for implementation and current municipal bond market conditions. General Manager said the team was trying to engineer some flexibility into the process to let the market stabilize. General Manager said, based upon the timing, it didn't look like the District would go out to sell bonds until after the first of the year; **Padaro Lane Sewer Extension** – The Padaro Lane Sewer Extension project is complete. The District's Engineer, Lance Lawhon, was on-site throughout the pipe installation phase, and no major issues were encountered. Director Treloar asked about an illegal connection on Padaro that was reported at the last Board Meeting. General Manager said there was more than one illegal connection, and some have already paid back fees. Director Graf said this was supposed to be an Agenda item. Legal Counsel said he had not had time to review this with the General Manager, but it had not slipped through the cracks. General Manager said the agenda item would be a more general discussion on how the district should deal with illicit/illegal connections and the remedies and would be on a Board agenda in December; **UC Davis Biosolids Study** – The District is participating in a statewide study looking at concentrations of antimicrobial agents, mostly from antibiotic soaps and other similar disinfectants, in biosolids and the potential impacts on soils. General Manager said samples of biosolids from our facility would be sent anonymously to UC Davis for use in their study; **SAMA Meeting Report** – General Manager said he attended the SAMA meeting on November 12, 2008, held in Montecito. General Manager said Montecito Sanitary reported on installation of about 20 "Smart Covers". General Manager said one or two Board Members are familiar with these, but for those unfamiliar explained they were ultrasonic level sensors with strong magnets that go underneath the lid of a manhole cover and measure the water level in the manhole. If the level rises abnormally, it might indicate a backup or impending sewer overflow, and a transmitter would send out a signal to a cell tower that would call the oncall operator or a designee immediately so they could respond. General Manager said this was new technology, and it was great that Montecito Sanitary was being a test case for the product in our area. General Manager said it seemed to be working well for them. Director Moorhouse said he went to one session at the CASA Conference last year that talked about the Smart Covers and brought flyers back about them; **Operations Update** - The Treatment Plant is operating in full compliance with our NPDES permit. The Collection system is operating well with no backups or overflows during the period. Repairs to the primary clarifier were completed. New chains and a number of flights were replaced, and the system is operating normally. The wetwell at Lift Station No. 2 was cleaned. The digester recirculation pump was rebuilt with a new motor and impeller, which will nearly double its pumping capacity. A load of compost was delivered to the plant by Engel & Gray. It is being evaluated to see if it can be made available in the future to the general public. A load was delivered to Viola Fields as well.

**Audited Financial Statements for the 2007/2008 Fiscal Year** – Finance Director, Hamid Hosseini, introduced the District's independent auditor, Richard Teaman from the firm Teaman, Ramirez & Smith, Certified Public Accountants. Mr. Teaman said he was reporting tonight to the Board to substantiate the year-end process. Mr. Teaman said he was happy to report he believes the numbers in the Financial Statement followed the correct accounting processes in a consistent manner. Mr. Teaman said the Opinion Letter in the Financial Statement did not change this year. Mr. Teaman went over the following changes in the 2007/2008 Financial Statement from last year: 1) On Page 2 under Liabilities – a line was added for payables from other districts. This line is a result of a shared Safety Officer; 2) On Page 3 a line was deleted for line dedications. The District has not had any in the last two years; 3) On Page 3 a line was added for other District Contributions – again for the Safety Officer; 4) On Page 4 a line was added for sale of capital assets under Cash Flow; 5) On Page 4 a line for other District contributions and cash flow from the line related to the

Safety Officer; 6) On Page 17, Footnote #11, a table was removed related to funding for PERS. Mr. Teaman said PERS has taken smaller entities and grouped them together, so actuarial is done as a group and not separate; 7) On Page 17, Footnote #12 – Retiree Health Insurance Coverage – the District has one beneficiary, so this footnote was added. Mr. Teaman said this footnote was not GASB45 compliant, but GASB45 is not effective at this date, but will need to be added in the future; 8) Page 19, lines were added for the other districts’ Safety Officer contributions. Mr. Teaman said in addition to the Financial Statement, an opinion letter was required, and he reported there were no findings or exceptions to report.

Finance Director, Hamid Hosseini, briefly went over a 2007/2008 Summary Report, noting that nine Capital Improvement Projects had been completed during this period.

Director Treloar made a motion that the Board adopt the Audited Financial Statements for the year ended June 30, 2008, and that the Finance Director be authorized to distribute the necessary reports and file the State controller’s Report with the State of California; Director Horwitz seconded the motion, and the motion was approved by a 4-0 vote.

**Resolution No. R-215, Resolution Regarding CalPERS Member Contributions –**

General Manager said this was a housekeeping item. Notification was sent by CalPERS (California Employee Retirement System) that the District was not in compliance with a December 6, 1985 Internal Revenue Code ruling concerning employee contributions as being “picked up” by the employer and treated as employer contributions for tax purposes. Per an IRS Revenue ruling 2006-43, the Board can adopt a resolution prior to December 31, 2008 which will ensure ongoing compliance with federal tax reporting requirements.

Director Treloar made a motion that the Board adopt Resolution No. R-215, a Resolution of the Board of Directors of the Carpinteria Sanitary District for Employer Paid Member Contributions; Director Horwitz seconded the motion, and the motion was approved by the following 4-0 roll call vote: Director Horwitz voted aye, Director Treloar voted aye, Director Moorhouse voted aye, and Director Graf voted aye.

**Collection System Rehabilitation Project – Phase 1 (Project Acceptance and Approval of Notice of Completion)**

– This item pertains to the Collection System Rehabilitation Project that was largely completed in early 2008. General Manager said there were some punchlist items and delays getting the contractor remobilized to make the repairs. General Manager reported that all of the punchlist items have now been completed, and the work was done to the satisfaction of the District. General Manager said the next step would be for the Board to accept the project and authorize the General Manager to execute and file a Notice of Completion. General Manager said it was staff’s recommendation that the Board accept the Collection System Rehabilitation Project – Phase 1, authorize filing and recordation of a Notice of Completion, and approve release of retention and applicable bonds in accordance with the contract. General Manager said as a reminder to the Board, this contract was originally \$888,000 and extra rehabilitation work was added. The final contract amount was a little over \$1.2M. The work was done by Insituform Technologies, Inc. with some subcontracted work. General Manager said he was very happy with the way it turned out, and about 4 miles of sewer lines, out of the District’s 40 miles of sewer, were rehabilitated. Director Treloar asked if the District received any public complaints or comments about disruptions. General Manager said, based on the magnitude of this project, he expected to receive more complaints. General Manager said the Project Inspector, Jim Murphy, did a good job when things came up, to go as far as knocking on people’s doors to sort out before it became a problem or formal complaint.

Director Treloar made a motion that the Board accept the Collection System Rehabilitation Project – Phase 1, 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. Director Treloar said he saw a program on TV called Modern Marvels about Insituform, and he was quite impressed with them, and he was glad to see the District had used Insituform on this project. President Graf called for a vote, and the motion was approved by a 4-0 vote.

**Resolution No. R-216 Change Order No. 001 to Cash Contract No. 346 (Lift Station No. 4 Modifications Project)** – General Manager said in August of 2008 the Board approved Cash Contract No. 346 between the District and Timothy J. Ferrie, Inc. to complete the Lift Station No. 4 Reconstruction Project for \$443,900 with a construction period contract ending on April 22, 2009. General Manager said Lift Station No. 5 Modifications Project is also on the District's Capital Improvement Program (CIP) project list. General Manager said that project was very similar to the Lift Station No. 4 Modifications Project, although it was a smaller pump station and does not involve the same level of effort, but involves many of the same components as Lift Station No. 4. Lift Station No. 5 Project was authorized and approved in the 2006/07 fiscal year with a capital budget of \$110,000. Based on current material, equipment and construction costs, staff realized that the approved budget would likely be insufficient to complete the work. General Manager said some alternative delivery methods and project design modifications were looked at in an effort to mitigate cost impacts. General Manager said one thing that was explored was if it was reasonable to pursue this as a change order to the construction contract for Lift Station No. 4. General Manager said Tim Ferrie was a reputable contractor and very skilled at doing this particular type of work, and had developed contacts with suppliers, subcontractors and vendors. He will be mobilized in this area doing the work on Lift Station No. 4. General Manager said the real savings to this approach that staff had looked at was that the District would not have to go out and put together a full engineering package, design the improvements, do plans and specifications and public bidding. All the specifications are in Lift Station No. 4, and the engineer's cost for design would be approximately \$40,000. General Manager said District staff met with Timothy J. Ferrie, Inc. representatives to discuss the desired improvements at Lift Station No. 5, and a Change Order Proposal was issued to TJF, which was submitted to the District on November 10, 2008, that provides an itemized cost list for the twelve project elements discussed. The cost estimate from TJF was \$147,945, with a contract time extension of 90 calendar days. General Manager said there may be some additional cost savings in Item No. 12 on the Change Order because the same materials were included that were used for Lift Station No. 4, and Lift Station No. 5 is a smaller pump station without a flow meter. There might be a cushion in this Change Order Proposal and General Manager said Tim Ferrie had agreed to deal with this as he gets the prices. General Manager said if this Change Order were approved it would allow Tim Ferrie to complete the planned improvements concurrently with their work on Lift Station No. 4.

General Manager said one of the things that staff and Legal Counsel looked at was if this approach was compliant with public contract code requirements related to public bidding. Based on the project-specific circumstances, competitive bidding of the Lift Station No. 5 project would be unavailing and would not produce an advantage to the public. General Manager said going through the steps necessary to obtain public bids would be an idle act with no benefit to the public or to the District. Thus, public bidding is not required by law in this case.

General Manager said, in addition to the cost savings, the work would be completed sooner, and the District would have a reliable, state-of-the-art pump station in place in an accelerated timeframe.

General Manager said Change Order No. 1 would increase the contract price by \$147,945.00, making the revised total \$591,845.00. General Manager said the original CIP project estimate was \$110,000.00, but to complete all the desired improvements, the CIP budget for this project would need to be modified. General Manager said a budget augmentation of \$40,000 is proposed, making the project total \$150,000. General Manager said due to savings on other completed CIP projects, the District's currently approved CIP fund is adequate to cover this budget amendment without transferring additional dollars from the District's general fund.

General Manager said Resolution No. R-216 was drafted for consideration by the Board that would make certain findings related to public bidding requirements for the Lift Station No. 5 improvements and would approve Change Order No. 001 to Cash Contract No. 346. General Manager said it was staff's recommendation that the Board adopt Resolution No. R-216 Authorizing Change Oder No. 001 to Cash Contract No. 346 with Timothy J. Ferrie, Inc. for Repair of Lift Station No. 5 and amending the contract price to \$591,845.00.

Director Horwitz asked for a clarification. She said the original budget was \$110,000 and \$40,000 was being added. Director Horwitz asked if the reason was that it was a different scope, or was it inflation and extending the project to two years. General Manager said it was all of these things, and added the \$110,000 estimate was a place marker going back to a long-range CIP plan approved back in 2004. General Manager said the scope had increased and the costs to integrate the station with our remote telemetry system had not been considered back in 2004.

Director Treloar said it made good fiscal sense and good engineering sense. Director Treloar said he would like to make a motion that the Board Adopt Resolution No. R-216 authorizing Change Order No. 001 to Cash Contract No. 346 with Timothy J. Ferrie, Inc. for repair of Lift station No. 5 and amending the contract price to \$591,845.00; Director Horwitz seconded the motion. Director Treloar said Tim Ferrie was asking for an additional 90 days to complete the project, and the District was giving 110. Director Treloar said he was concerned that the project would be delayed since Tim Ferrie wanted to get all the equipment together before he started, which made a lot of sense, but asked if this was costing the District time on the timeline. General Manager said Tim Ferrie was still held to the 240 days for Lift Station No. 4 until the District adds the time in this Change Order. It should be 330 days for the entire contract.

The motion was approved by the following 4-0 roll call vote: Director Horwitz voted aye, Director Treloar voted aye, Director Moorhouse voted aye, and Director Graf voted aye.

#### **Resolution No. R-217 Clean Beaches Initiative Grant Funding Authorization –**

General Manager said this was a resolution updating a resolution that the Board passed back in May of 2007 which authorized entering into a grant agreement with the State and also designated an agency official to sign and administer the grant. General Manager said at that time the District was pursuing a CBI grant from the State through Proposition 50. The SCWRCB subsequently approved a CBI Grant award in September 2007, authorizing the funding through Proposition 84, not Proposition 50. General Manager said to address this change and meet SWRCB requirements, Resolution No. R-217 was prepared to specifically reference Proposition 84 as the funding source. General Manager said it was the same resolution as R-193, but the reference to Prop. 50 to Prop. 84 was changed. General Manager said it was staff's recommendation that the Board adopt Resolution R-217 as presented.

Director Horwitz made a motion that the Board adopt Resolution R-217 authorizing the District to enter into a grant agreement with the State Water Resources Control Board and designating the District General Manager as the authorized representative for the South Coast Beach Communities Septic to Sewer Project; Director Moorhouse seconded the motion.

Director Treloar said he had a concern regarding Resolution No. R-217. Director Treloar said he understood what was being done and was in favor of the resolution, but it didn't reference back to the original Resolution No. R-193. Director Treloar there should be a trail showing this was not something new, but an amendment to a previous resolution. Legal Counsel said the Board was rescinding Resolution No. R-193. General Manager said there wasn't anything in Resolution No. R-217 that said that. Legal Counsel said to amend the fourth paragraph of the Resolution to say: *Now, Therefore, be it resolved, that the Carpinteria Sanitary District Board of Directors hereby adopts Resolution No. R-217, including the above recitals, and in addition, thereto, rescinds the previously adopted Resolution No. R-193 on November 18, 2008 by the following vote:*

Director Horwitz amended her motion to include rescinding the previously adopted Resolution No. R-193, and Director Moorhouse seconded her amended motion. The Board adopted Resolution No. R-217 by the following 4-0 roll call vote: Director Horwitz voted aye, Director Treloar voted aye, Director Moorhouse voted aye, and Director Graf voted aye.

**Proposed LAFCO Policy Revision related to Extension of Public Service to Agricultural Parcels** – General Manager said this was an informational item update from the last Board Meeting where the board reviewed a proposed LAFCO policy regarding the mandatory use of Out of Area Service Agreements to extend public utility service to agriculturally zoned parcels. The Board directed staff to prepare a letter objecting to the proposal and outlining the District's objection. General Manager said a copy of the letter he sent to the Santa Barbara LAFCO commissioners was attached to the Staff Report. General Manager said he also attended the November 6, 2008 LAFCO hearing and provided testimony on the item. General Manager said there was a recommendation at the hearing from the Agricultural Advisory Committee to continue the item until they could have more time to review. Goleta Sanitary District voiced their opposition to the policy and General Manager said he made similar comments. General Manager said the Executive Director, Bob Braitman, at the meeting handed him a response letter that he drafted in response to General Manager's letter and was given to the commissioners. The commissioners had not seen Bob Braitman's response letter prior to the November 6th meeting, so there was no discussion regarding the comments. General Manager said Mr. Braitman's letter was attached to the Staff Report. General Manager said Mr. Braitman's letter seemed to say the District already had a number of these OASAs, and, therefore, they were a good thing. General Manager said he did not feel that the agreements were beneficial for the District. General Manager said the plan was to continue to be involved and engaged in discussions regarding this topic.

Director Horwitz asked about the cost difference between doing an annexation for ten acres, as opposed to an Out of Service Agreement for one building. General Manager said the only acreage cost would be to the State Board of Equalization and would probably not be significant. General Manager said doing an annexation required the applicant to go through the process of developing a map and a legal description resulting in measurable costs. General Manager said it was cheaper for an applicant to go through this Out of Agency Service Agreement approach. General Manager said problems for the District could be avoided by annexing the entire parcel.

Director Moorhouse stated that there was discussion at a Special Districts Meeting where General Manager and he attended on this topic. Director Moorhouse said they had a discussion there with Goleta Sanitary and one of the representatives that sits on LAFCO who was attempting to defend the draft policy. Director Moorhouse said they gave the representative reasons why they opposed it and expected her to represent special districts on LAFCO.

## **Board Committee Reports**

**Finance Committee** – Director Treloar reported the Finance Committee met yesterday and reviewed the monthly budget and investment reports. A letter was received from the State Treasurer, Bill Lockyer, assuring us that the money we have in LAIF is secure with the current economic trends. A letter was also received from CalPERS who basically said the same thing.

**Personnel Committee** – did not meet. General Manager said he would try to reschedule a Personnel Committee meeting sometime next week.

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

## **Board General Items**

**CASA Legislative Committee Report** – Director Moorhouse said he had a year-end CASA Legislative Committee report from the Monterey Conference he attended. Director Moorhouse said he was provided an update by the state saying we should not expect any bills coming our way that would incur payment by agencies. Director Moorhouse said, given the dire straights of the state at this point, agencies could expect some attack on property tax and revenue from the state this year, unless things change drastically. In addition to that, Director Moorhouse said he was asked to Co-Chair the State Legislative Committee for CASA, which he said was step toward becoming the Chair. Director Moorhouse said he looked forward to that. Director Moorhouse said he attended the CSRMA Finance Committee meeting on November 7<sup>th</sup>. Director Moorhouse said he'd like to remind the Board that attendance at the CSRMA Finance Committee is completely reimbursable to our District. Director Moorhouse said CSRMA had several pools of money. One pool was with LAIF and the other with a money manager. One of the issues the committee is looking at is an investment of \$10M that could possibly be invested for a longer term than it is currently invested. Director Moorhouse said he would have a more in-depth report about CSRMA after the next meeting.

**Future Agenda Items** – Remedies to Illegal/Illicit Connections

**Adjournment.** There being no further items to discuss, President Graf adjourned the meeting at 6:40 p.m.

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Lin Graf  
President

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Pat Horwitz  
Secretary Pro-Tem

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Michael Damron - **Absent**  
President Pro-Tem

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Doug Treloar  
Treasurer

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Jeff Moorhouse  
Secretary