

**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 20, 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 - **absent**
Hamid Hosseini – Finance Director

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

Public Present: Greg Fankhanel, CPA – Teaman, Ramirez & Smith

President Graf called the meeting to order and asked Director Damron to lead those present 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 November 6, 2012 – Director Horwitz made a motion that the Minutes of the November 6, 2012 Regular Board meeting be approved as submitted; Director Damron seconded the motion, and the motion was approved by a 5-0 vote.

Public Forum – None.

Comprehensive Annual Financial Report and Audited Financial Statements Fiscal Year 2011/2012 – General Manager said he'd like to ask the District's Finance Director, Hamid Hosseini, to present this agenda item.

Finance Director Hosseini introduced Greg Fankhanel, the District's auditor from Teaman, Ramirez & Smith, Certified Public Accountants (TRS). An independent audit of the Carpinteria Sanitary District for Fiscal Year 2011/12 was performed by TRS. Starting in FY 2009/10 the District and TRS combined efforts to produce a broader audit report referred to as a Comprehensive Annual Financial Report, or CAFR. This method of reporting was continued for FY2010/11 and FY 2011/12. Finance Director Hosseini said the CAFR would be submitted to the Government Finance Officers Association (GFOA). Finance Director Hosseini said the District intends to submit its CAFR for review and consideration. The District was awarded a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for FY 2009/10 and FY 2010/11.

Finance Director Hosseini went over additional supplemental reports which included: a summary of the financial statements, Capital Improvement Program status report, detail of monthly revenue and expenses, Investment Report per Government Code 53600, Summary of property tax revenue and Development Impact Fee report.

Director Horwitz said upon comparing the utility expense figures from FY2010/11 to FY2011/12 it's evident that the energy efficiency related capital improvement projects have had the intended impact of lowering utility expenses.

Auditor, Greg Fankhanel from TRS said he wanted to focus on the Auditor's Report which includes a clean opinion with no qualifications. The report addresses required audit standards and includes several reports: Balance Sheet, Net Assets, and Statement of Cash Flows. Mr. Fankhanel said he would be happy to answer any questions from the Board.

General Manager said the CAFR's Statistical Section is very useful to identify trends over the last ten years. General Manager said he would like to thank staff for their work in compiling the CAFR document.

Director Horwitz made a motion that the Board adopt the Comprehensive Annual Financial Report for the year ended June 30, 2012, 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 Modugno seconded the motion, and the motion was approved by a 5-0 vote.

Report on 2012 Wastewater Revenue Bond Sale – Coastal Districts Financing Authority – General Manager said at the Board's last regular meeting of November 6th Resolution No. R-257 was adopted which authorized the bond financing transaction that would accomplish both of the funding objectives. The existing debt of approximately \$11.3M would be refinanced without extending the term and the new debt of approximately \$4.5M, to fund the digester replacement project, would be amortized over a 30-year period. The District's finance team anticipated that a refunding in the current market would result in a net present value savings of approximately \$1M.

General Manager said on November 15th we entered the market at a time when the Municipal Market Data Index hit an all-time historic low. The underwriter was able to lower the interest rate schedule from what was reviewed in the pre-pricing call the previous day. Subscriptions for a majority of the \$16.3M in revenue bonds were received and the District and the Coastal Districts Financing Authority entered into a Bond Purchase Agreement with Stone & Youngberg the afternoon of November 15th. A copy of the final pricing schedule was attached for reference.

General Manager said the outcome of the bond sale will be a net present value savings to the District of around \$1.68M, net of all costs of issuance. The annual savings from the

refunding will be approximately \$260,000 and the annual debt service on the \$4.5M in new debt will be approximately \$240,000. The District's overall debt service through 2026 will be reduced, essentially paying for the new digesters.

CalPERS Service Credit Adjustments – General Manager said the District participates in the CalPERS retirement program, local miscellaneous 2% @ 55 formula pool, and extends coverage under this plan to all of its full-time employees. In accordance with Section 3.4.680 of the District's Personnel Rules & Regulations, the District pays 100% of the total contribution, including the employer and the employee share, for this benefit for each employee.

General Manager said historically, new employees were enrolled in CalPERS effective as of their hire date. At some point in time there was apparently an internal change to a practice of deferring enrollment for new employees for a six month period following their hire date. No documentation exists to support this change. This policy change affected four employees. Of those four employees, one had prior CalPERS service credit and there are specific regulations that require enrollment of that employee immediately upon hire.

General Manager said staff recommends that an adjustment be made to recoup the six months of service credit for the four affected employees in order to maintain consistency and equity throughout the District. Procedurally, the action to adjust the service credit through CalPERS is straightforward. There are cost implications, as both the employer and employee contributions need to be paid for the six month period for each employee. The aggregate contribution required to make the adjustment is \$20,310.22. While this unanticipated expenditure would not fit within the line item budget for Account 5111 for FY 2012/13, it will be partially offset by savings in this account resulting from an extended leave of absence and it would not impact the District's overall budget conformance.

Following discussion by the Board, Director Damron made a motion that the Board authorize the proposed adjustments to the CalPERS service credit for four District employees and approve the associated expenditure of \$20,310.22. Director Horwitz seconded the motion, and the motion was approved by a 5-0 vote.

2013 CASA Mid-Year Conference – President Graf said this item was on the agenda in case anyone was interesting in attending.

General Manager's Status Report – General Manager reported on the following:
SAMA Meeting Report – General Manager said he and Matt Oliver attended the Sanitation Agency Managers Association meeting held on November 14th at the Montecito Sanitary District. MSD staff displayed and demonstrated their new CCTV inspection van and gave an overview of their pipeline maintenance and inspection program. South San Luis County Sanitary District has appealed the \$1.1M fine levied by the RWQCB for a 2010 sewer overflow to the SWRCB. Goleta Sanitary District's major plant upgrade project is nearing completion and they are doing equipment startups and testing. **Citywide Emergency Planning Drill** – General Manager on November 15th District management staff participated in an emergency response drill at the City Emergency Operations Center. The exercise was largely a tabletop style drill, which was based on a large earthquake event that affected Carpinteria. An integrated response with the City, the Fire District, the Sheriff, the Water District and our staff was played out. Overall it was a very productive and informative exercise. There will be follow-up activities coordinated by the City's Emergency Services Coordinator. **West Padaro Main Sewer Extension Project** – General Manager said property owners on the western end of Padaro Lane have reinitiated planning activities for a project to extend a public sewer main from the current end of the line point approximately 4,000 linear feet to the west. District

staff participated in a meeting with the project proponents and the County of Santa Barbara. The project will require annexation of territory in the District service area and detachment of certain parcels from the Summerland Sanitary District boundary. District staff has been working with the applicant's agent on drafts of a Sewer Construction Agreement and a Reimbursement Agreement and both will come to the Board for consideration and approval at a later date. The project will require CEQA review. The applicant will bear the costs associated with the environmental review. However, the District will be the lead agency and will ultimately certify the CEQA document that is prepared. **Operations Update** – General Manager said the WWTP is operating in full compliance with our NPDES permit. The primary clarifier drive and mechanical system experienced a failure that required the tank to be taken out of service for inspection and repair. No major mechanical problems were evident but wear parts were replaced and the clarifier is now back on-line. The control panel at Lift Station No.5 was replaced to remedy some recurring circuit board problems in the old controller. An updated controller was installed and programmed by District staff. SCE installed energy monitoring equipment as the preliminary step to evaluate a potential energy efficiency project related to the existing aeration blowers.

Finance Committee – Director Horwitz reported that the committee met on November 19th and reviewed the CAFR and the monthly reports. Director Horwitz said since this was her last meeting she would like to recognize the General Manager and Finance Director for their efforts throughout her tenure.

Personnel Committee – Did not meet.

Public Relations Committee – Director Moorhouse reported that the committee met and reviewed the District's newsletter.

CASA Legislative Committee Report – Director Moorhouse reported the next scheduled meeting will be in January 2013.

LAFCO Report – Director Moorhouse reported the next meeting is scheduled for December 6th where there will be discussion regarding a commission retreat, 56133 – sphere of influence and a closed session performance review.

SBCSDA Report – Director Moorhouse reported the next Executive Board meeting is scheduled for Wednesday, November 28th and the annual banquet will take place on Friday, December 14th at the Santa Ynez Valley Marriot.

CSRMA Report – None.

Board Member Vacation Dates – None.

Future Agenda Items – None.

CLOSED SESSION – 6:25 p.m.

Legal counsel led the Board in to closed session on the following agendized items:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to Government Code Section 54956.9(b): one case. 1) October 25, 2012, Mark Gilbert claim;

LIABILITY CLAIMS: Per Government Code Section 54956.9(b)(3)(C). Claimant: Mark Gilbert. Agency Claimed Against: Carpinteria Sanitary District.

RECONVENE OPEN SESSION – 6:34 p.m. President Graf reconvened the open session. Legal Counsel reported in accordance with Government Code Section 54957.1, on a vote of 5-0 the District Board of Directors adopted the following motion: With regard to the claim of Mark Gilbert presented to the Carpinteria Sanitary District on October 25, 2012, the Board of Directors hereby rejects the claim and directs the District General Manager to provide written notice of the rejection to claimant’s attorney in accordance with Government Code Section 913. The rejection of the claim supersedes the prior November 6, 2012 action of the Board to return the claim as not timely presented.

Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 6:35 p.m.

Lin Graf
President

Mike Modugno
Secretary

Jeff Moorhouse
President Pro-Tem

Michael Damron
Secretary Pro-Tem

Pat Horwitz
Treasurer