

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 21, 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
 Michael Damron – Secretary
 Doug Treloar – Secretary Pro-Tem
 Patricia Horwitz – Treasurer - **Absent**

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

Legal Counsel
Present: Anthony H. Trembley

Public Present: Adam Bauer (Fieldman, Rolapp & Associates)
 Bob Engel (Engel and Gray, Inc.)
 Doug White
 Jaleh White
 Giti White
 Marilyn Ulvaeus
 Sandra Carradine

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

President Moorhouse noted for the record that Director Horwitz was not present.

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

Minutes of the November 7, 2006 Board Meeting. Director Treloar made a motion that the November 7, 2006 minutes be accepted as presented; Director Damron seconded the motion and the motion was approved by a 3-0 vote. Director Graf abstained from voting, since he was absent from the meeting.

Public Forum. None

Agreement for Financial Advisory Services – Fieldman, Rolapp & Associates South Coast Beach Communities Septic to Sewer Project. General Manager reported that the Board approved implementation of the South Coast Beach Communities Septic to Sewer Project in September, 2006 and certified a Supplemental EIR. A key element of this action was formation of an assessment district or multiple assessment districts, which are governed by the Municipal Improvement Act of 1913, Division 12, Streets and Highways Code. General Manager said bond issuance was done pursuant to the Improvement Bond Act of 1915, Division 10 of the same code.

General Manager said to implement the process, the District would need a team of legal, financial and engineering professionals. General Manager said the Financial Advisor was generally the one engaged to guide the assessment district formation process and oversee the bond financing process. A proposal for financial advisory services was solicited from Fieldman, Rolapp & Associates, based on their reputation in the field of land secured financing in California.

General Manager said District staff and District counsel met with Fieldman representatives, and a Vice-President in the firm, Adam Bauer, was present and gave a brief overview of the anticipated assessment proceedings and was present to answer questions from the Board.

General Manager said it was staff's recommendation that the Board review and approve the Professional Services Agreement for Financial Advisory services between the Carpinteria Sanitary District and Fieldman, Rolapp & Associates. General Manager said the proposed fixed fee of \$32,500 was fully contingent on successful district formation and bond issuance.

President Moorhouse called on the following members of the public who spoke regarding this item: Doug White, Giti White, Marilyn Ulvaeus, Jaleh White and Sandra Carradine. They asked the Board to consider forming multiple assessment districts, rather than one single assessment district. Doug White said each community was discrete and unique and should be looked at individually. Sandra Carradine commented there was not enough notice given notifying individuals this item was on the agenda.

President Moorhouse asked General Manager if the meeting was properly noticed. General Manager replied that the November 21, 2006 Board Meeting was properly noticed and was a regularly scheduled Board meeting (the 1st and 3rd Tuesdays of each month).

President Moorhouse stated that the item would be brought back to the Board for Board comment. Director Treloar said he was concerned about the lump sum fee on the contract, and would like to see the amount broken down by the various areas. Director Treloar said he assumed there would be separate assessment districts for each area to be annexed into the District.

General Manager said it was not staff's recommendation tonight to determine whether single or multiple assessment districts are the preferred financing for this project, but was a topic that had

been evaluated extensively at the staff level and in communications with all of the consultants -- all of the members of this financing team. General Manager said the reason that the single assessment district offered advantages was largely economic -- certain fixed costs associated with assessment district formation and bond issuance are basically doubled for two assessment districts and tripled for three assessment districts, and those costs were not insignificant. The cost to print an official statement could be \$5-10 thousand dollars. The bond underwriting fee, and a lot of the fixed costs associated with them add up, and those costs are passed along to the perspective homeowners that are asking for sewer service. General Manager said each discrete geographic area would pay only the costs associated with that area, but each area would be a benefit zone within one larger assessment district.

General Manager said the fee proposed by Fieldman and the fee proposed by Jones Hall don't necessarily differentiate between a single assessment district or multiple assessment districts. General Manager said that decision had not been made and part of the Fieldman's services would be to help staff finalize the decision and provide that recommendation to the Board. Legal Counsel advised General Manager to verify this information with Mr. Bauer, Vice-President from Fieldman, Rolapp, who was present at the Board meeting. Mr. Bauer said one of their jobs would be to negotiate on behalf of the agency with the other professionals in the process. Mr. Bauer said the process could be redefined as they go along, and that was one thing Fieldman would help staff determine.

Director Graf asked would either process, single or multiple, take the public out of the process. General Manager said that the public would be involved in the process. The assessment district formation process involved a ballot, and it was understood that each subzone would likely have the opportunity to vote up or down on the assessment. Legal Counsel said that question should be directed to Bond Counsel. Director Graf said either way, the public was not taken out of the process. General Manager said there would be public input on the assessment district formation process at various steps along the way. Legal Counsel said the services that Fieldman would be performing for the District would be in connection with Section 1 of the agreement, which would be to identify upfront, acting as financial advisors, what was the best way to pursue the assessment district. Mr. Bauer confirmed this statement.

Director Damron said this was the beginning of the process, and this firm was being brought on board to help determine what the best course of action was for these different communities.

Director Graf made a motion that the Board approve the Professional Service Agreement for Financial Advisory Services between the Carpinteria Sanitary District and Fieldman, Rolapp and Associates, dated November 21, 2006; Director Damron seconded the motion. Director Treloar said he thought the Board might be premature in approving the agreement. Director Treloar said when the District started the whole process his question on the EIR was do we do one or do we do separate documents. Director Treloar said he was told at that time it was quicker, easier, faster, and cheaper to do one but that did not turn out to be the case. Director Treloar said he would like a breakdown from Fieldman, Rolapp & Associates for forming separate assessment districts, rather than doing it all as one. Director Graf said it was his understanding that the Board was asking Fieldman, Rolapp & Associates to give the District a recommendation on the best way to go and why.

President Moorhouse said there was a procedure for the District to terminate the contract if

the District desired at any time, and Fieldman would be owed for actual work that had been conducted up to that point. If the District decided a month from now that they don't want their financial advisory services anymore, the District could terminate the contract and not be locked into paying \$32,500. It's a pay as you go, and at worst it's \$32,500 at the end.

General Manager said when the team was assembled, the District would have ideally a financial advisor, a bond counsel, bond underwriting firm, and the assessment district engineer. Part of the assessment district engineer's work would be to draw the assessment district boundary and define and determine the cost per parcel within the assessment area.

President Moorhouse called for the vote. The motion passed by a 3-1 vote. Director Treloar voted nay.

Agreement for Bond & Disclosure Counsel Services – Jones Hall South Coast Beach Communities Septic to Sewer Project. General Manager said the lead in for this item was basically the same as the last item. General Manager said the bond counsel aspect of the process would be to provide legal counsel through the formation process. General Manager said the District engaged Jones Hall as bond counsel in 2000 for the Rincon Point Assessment District formation. Because of the positive experiences working with Jones Hall, District staff and counsel requested a proposal from Jones Hall for legal services for bond counsel and disclosure counsel services for the South Coast Beach Communities Septic to Sewer Project assessment proceedings. General Manager said staff and counsel spent some time discussing the project with Scott Ferguson, attorney from Jones Hall. General Manager said Mr. Ferguson put together the legal agreement, which was reviewed by District counsel, and presented to the Board for approval. General Manager said compensation would be paid contingent upon successful formation of the assessment district and bond issuance. General Manager said staff recommended approval of the Agreement for Legal Services between the Carpinteria Sanitary District and Jones Hall dated November 21, 2006.

Comments from the public included: Jaleh White said the assessment district formation process in 2000 was not successful because it was formed without an EIR. Doug White said it was good that the District had experts as consultants. Jaleh White, Doug White and Giti White asked the Board to consider forming separate assessment districts, rather than one single district.

Director Damron made a motion that the Board approve the Agreement for Legal Services between the Carpinteria Sanitary District and Jones Hall dated November 21, 2006; Director Graf seconded the motion. The motion was approved by a 4-0 vote.

Biosolids Management Options. General Manager said the District had been under contract for the past three years with MarBorg Industries to haul biosolids from the District's facilities to the San Joaquin Composting facility located in Kern County. From Kern County the material was co-composted with green waste and reused in Kings County as an agricultural soil amendment. General Manager said this approach had been successful for the last nine years and was reasonably affordable. General Manager said Cash Contract No. 310 with MarBorg paid them a unit price of \$31 per ton, but was expiring November 21, 2006. General Manager said the District's contract with San Joaquin Composting expired in September 2006. General Manager said the contract had continued on an informal month-to-month basis at \$20.50 per ton delivered. District staff had hoped to continue this

process. Quotes were requested from the vendors. San Joaquin Composting proposed a minor increase in their tipping fee. General Manager said MarBorg proposed an increase from \$31 to \$51 per ton, which would result in an aggregate cost of \$72 per ton. General Manager said staff met with MarBorg and the increase was due to increased cost for labor, fuel costs and also the way the District hauls biosolids. General Manager said based on the fiscal impacts of Marborg's cost proposal, staff began to look at other management alternatives. General Manager said staff inquired with other local contract haulers and there was little or no interest in providing roll-off service in the same way provided by MarBorg. General Manager said Engel & Gray, Inc. was a long-standing company out of Santa Maria that operates a permitted biosolids composting facility, using a process similar to San Joaquin Composting. General Manager said staff had met with Engel & Gray, Inc. many times over the years to discuss their operations and staff believes they do offer a viable long-term management alternative. Engel and Gray gave the District a proposal in October with a proposed base unit price of \$54.50 per ton for hauling and disposal. General Manager said a variable fuel surcharge increased the unit cost to approximately \$60 per ton, and this option required the District to lease or purchase a roll-off truck to move roll-off bins onsite.

General Manager went over a spreadsheet that outlined the management options considered and their associated costs. General Manager said staff solicited a proposal from San Joaquin Composting for hauling and disposal, and under that option the District would need to lease or purchase a wheel loader capable of loading the high trailers used by SJC at a cost of \$42 per ton.

Bob Engel from Engel and Gray, Inc. addressed the Board. Mr. Engel said his company had been composting since 1993 in Santa Barbara County, and invited the Board to tour the composting site. Mr. Engel said that Engel & Gray, Inc. could offer the District a proposal for hauling and disposal at around \$49 per ton and would keep the product in Santa Barbara County. Mr. Engel said there would be some operational problems that would be needed to work out – the ability to move the bins at the lowest cost available. Mr. Engel said a fuel surcharge would also need to be added. Mr. Engel said Engel and Gray, Inc. is willing to work with staff to come up with a solution. He also suggested that it might be possible to coordinate an arrangement under which MarBorg would haul biosolids to the Engel and Gray facility.

Director Treloar asked Mr. Engel what type of product was produced. Director Treloar said the District attempted to create their own compost years ago, and the flower growers were excited with the product. Director Treloar asked Mr. Engel if anything could be worked out to create a product that could be used in the Carpinteria community. Mr. Engel said he was open to talking about the possibility of bringing back a product for use in the community.

Director Damron asked if there was the possibility of the District not being able to transport biosolids out of Santa Barbara county in the future. General Manager said this is unknown, but there was value in getting an in-county solution. General Manager said Mr. Engel brought up some ideas that staff had not heard before, and the concept of MarBorg continuing to haul was an approach that would be operationally beneficial to the District, picking up a full bin and leaving an empty bin whenever the District calls, and taking advantage of Engel & Gray's composting operation was appealing.

Director Graf asked if this idea should be tabled and brought back at a future date. President Moorhouse noted that the District was operating with a contract that would expire November 21st. General Manager said the District was working with some good vendors who understood the District's

situation, and that MarBorg and San Joaquin Composting would continue the service they had been providing until the District determined a solution.

President Moorhouse said the recommendation did not seem like a long-term solution. President Moorhouse said there was a 3-year contract, but the District would be using ten year depreciation on the equipment, meaning the \$110,000 purchase price of the equipment would need to factor into this arrangement going on for ten years in order to make it cost effective. President Moorhouse said the way legislation was headed, the District needed to look at local solutions, and it would be more cost effective to do it today versus ten years from now.

Director Damron said the District tried to compost years ago in an effort to be environmentally friendly, and somewhere down the line the District will be forced by law to take care of this within our county. Director Damron said the District's ratepayers were environmentally friendly and would like the District to work out some arrangement that was environmentally sound on a long-term basis.

Director Graf said he was concerned from the beginning with dumping the biosolids into the loading bay, and also purchasing a piece of equipment for \$110,000. If the District did not make a change, there was a \$21,000 spread without having to purchase a tractor. Director Graf said he liked the idea of keeping it within Santa Barbara County and maybe there might be something the District could do in the future to get some good PR out in the community, such as free compost to our ratepayers. A wiser investment might be to redesign the hauling collections system to make it more manageable, rather than spend \$110,000.

Director Treloar said he'd been nervous for the last few years about taking the biosolids out of county. Director Treloar said the waste is being generated here, and needs to be kept here. Director Treloar said he would like to see the District come up with a composting solution like the District was trying to do themselves a few years back that would benefit some of the flower growers in Carpinteria. Director Treloar said he was also concerned with purchasing equipment, and said the District needed to look at better options, not cheaper options.

General Manager said he appreciated the input from the Board. General Manager said, although he put the spreadsheet together, there were many factors involved in this decision. Staff had been talking with Mr. Engel for years, and the same with MarBorg. General Manager said it would always be cheaper to haul in 40 cubic yard trailers than in roll-off bins. All reuse/disposal options would be cheaper in the long run with the hauling by trailer approach.

Legal Counsel asked Mr. Engel if the firm had a feedstock agreement with Santa Barbara County. Mr. Engel said Engel & Gray, Inc. had a contract with the Board of Supervisors. Legal Counsel asked if Engel and Gray, Inc. had sufficient feedstock now, with all the feedstock from north county, in order to compost this contract. Mr. Engel said he had sufficient feedstock at this time, and he wasn't coming to the Board saying his company needed Carpinteria's green waste. Mr. Engel said at some point in time it might become a reality where agencies within a community need to work together.

General Manager said staff had been working to find the best solution for quite some time, and what was presented tonight seemed to offer perhaps the best solution if it could be negotiated. General Manager said information was given to him today from Engel & Gray and from MarBorg, and it appeared that some management options not previously on the table had emerged. One of the options was one that Mr. Engel spoke about. General Manager passed around a spreadsheet with options presented at the meeting.

President Moorhouse asked what the costs would be to modify the ramp that is used currently for biosolids management to accommodate larger trailers. General Manager said it was not the ramp or angle of the ramp, but a fixed point of discharge that dumps in one fixed spot, which did not allow even discharge into the trailer.

President Moorhouse said the direction to staff would be to explore other options. No other action was taken by the Board.

General Manager's Status Report. General Manager reported on the following: **NPDES Permit Revisions** – The Regional Water Quality Control Board will meet on December 1, 2006 at their monthly meeting and one item on the agenda will be to consider adoption of a revised NPDES Permit for the District. President Moorhouse said the General Manager could call him to attend the meeting if there was a need; **SAMA Meeting** - The November SAMA meeting was held on November 8th at Montecito Sanitary District. A discussion was held with two gentlemen from the Air Pollution Control Region regarding regulations recently enacted related to diesel particulates under the Air Toxics Control Measure programs that would impact the District. A statewide regulation adopted in December 2005 required public agencies and utilities to retrofit or replace 50% of their on-road heavy duty diesel vehicles. The District's VacCon will be scheduled for 2007; **Integrated Regional Water Management Plan Update** – The General Manger attended a meeting on November 19th of cooperating agencies in Buellton. A list of projects submitted to date by participating agencies was presented and reviewed. The City of Santa Barbara submitted 28 of the 38 projects. Updates and comments were submitted last week; **Operations Update** - The WWTP is operating in full compliance with the effluent limits in the District's NPDES. No sewer overflows from the Collection system. Flow meters were installed at Lift Stations #1 and #2 by Cushman Contracting and District staff. The District's outfall inspection by Harbor Offshore is scheduled to begin on Monday.

President Moorhouse said he asked for an item to be placed on the agenda regarding 2007 CSDA Committee Appointment. General Manager said he did not place it on the agenda because John Fox, President of CSDA, asked that the District defer any action until after the CSDA Board Retreat, which was the end of last week. Mr. Fox was going to look into what committees needed help. General Manager said Mr. Fox was going to get back to him this week. General Manager said it was his intent to come back to the Board after hearing from Mr. Fox regarding where a committee position might be most beneficial.

Board Committee Reports

Finance Committee. – Meeting is scheduled for November 27, 2006.

Personnel Committee. Meeting is scheduled for November 22, 2006.

Public Relations Committee. Did not meet.

Board General Items: The Board confirmed a date for the annual employee appreciation holiday dinner.

Future Agenda Items: None

Adjournment. There being no further items to discuss, President Moorhouse adjourned the meeting at 7:20 p.m.

Michael Damron
Secretary

Lin Graf
President Pro-Tem

Patricia Horwitz
Treasurer

Jeff Moorhouse
President

Douglas Treloar
Secretary Pro-Tem