

AGENDA
**FOR THE REGULAR MEETING OF THE
CARPINTERIA SANITARY DISTRICT GOVERNING BOARD
TO BE HELD December 19, 2023**

The regular meeting of the Governing Board will be held commencing at 5:30 p.m. The location of the meeting is at 5300 Sixth Street, Carpinteria, CA.

The public is encouraged to participate in one of the following ways:

1. Submitting a Written Comment. If you wish to submit a written comment, please email your comment to the Board Clerk at kimg@carpsan.com by **3:00 P.M. on the day of the meeting**. Every effort will be made to read your comment into the record, but some comments may not be read due to time limitations.
2. Attend the in-person meeting at the Carpinteria Sanitary District Board room.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. BOARD APPROVAL OF AGENDA AS [SUBMITTED] [MODIFIED]
Board President asks the Board, public, staff, and legal counsel if there are any additions and/or modifications to the Agenda.

IV. APPROVAL OF MINUTES AS [SUBMITTED] [MODIFIED]
December 5, 2023

V. PUBLIC FORUM
The public may address the Governing Board on items of interest to the public which are not already on this evening's agenda and are within the subject matter jurisdiction of the Board. The time allotted for this discussion shall be pursuant to Board Bylaws.

VI. MATTERS BEFORE THE BOARD

A. GENERAL REPORTS:

1. General Manager's Status Report (Pages 1-3)

Description: General Manager to review his written report regarding the following issues:

- Staff Announcements
- Clean Water SoCal Annual Meeting
- Lower Lateral Rehabilitation Project Update
- Operations Update

2. CalPERS Unfunded Actuarial Liability Overview

(Pages 4 - 25)

Description: The Board to receive an overview presentation on its CalPERS retirement program and associated unfunded actuarial liability.

Staff Recommendation: None. Information only.

3. Board Member Email Communications

(Page 26)

Description: The Board to provide direction to staff regarding mode of email communications for District business purposes.

Staff Recommendation: None. Board decision.

4. Carpinteria Advanced Purification Project (CAPP) Update

Description: The Board will receive an update status report on the Carpinteria Advanced Purification Project being pursued in conjunction with the Carpinteria Valley Water District. Information on current activities and future tasks or milestones will be presented.

Staff Recommendation: None. Information only.

5. First Amendment to Employment Agreement for District General Manager

(Pages 27-29)

Description: The Board to consider an amendment to the employment agreement between the District and the General Manager.

Staff Recommendation: None. Board decision.

6. Annual Board Reorganization

(Pages 30-32)

Description: Board action establishing officers, meeting place, meeting time and other housekeeping functions required/authorized annually by law.

Staff Recommendation: None. Board decision.

VII. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Per Government Code Section 54957. Title: General Manager.

VIII. RECONVENE OPEN SESSION

A. CLOSED SESSION REPORT

IX. BOARD ITEMS

D. COMMITTEE REPORTS

Description: Verbal reports by the committee chairperson(s) of the following committees:

- Standing Finance Committee
- Standing Personnel Committee
- Standing Public Relations Committee
- Standing Utilities Committee
- Standing Recycled Water Committee
- Ad-Hoc Summerland Sanitary Coordination Committee

E. GENERAL ITEMS

1. SBCSDA (Santa Barbara – California Special Districts Association) Report
2. Board Member Vacation Dates
3. Future Agenda Items

X. ADJOURNMENT

FURTHER INFORMATION AVAILABLE

A staff report providing more detailed information is available for most agenda items and may be reviewed in the District office during regular hours (Monday - Friday from 8:00 a.m. to 12:00 p.m. and/or 1:00 p.m. to 5:00 p.m.). Copies of individual reports may be requested at this office. Call (805) 684-7214 extension 110 for more information.

In compliance with the Ralph M. Brown Act and the Americans with Disabilities Act, if you need a disability-related modification, accommodation, or other special assistance to participate in this meeting, please contact the District's Board Secretary at (805) 684-7214, extension 111, at least 48 hours prior to the start of the meeting.

Next Ordinance Available.....#20
Next Resolution Available.....R-368
Posting Date.....12/15/23

**MINUTES OF THE REGULAR MEETING OF THE
CARPINTERIA SANITARY DISTRICT GOVERNING BOARD
December 5, 2023**

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 **December 5, 2023**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

The agenda notice for this meeting, including instructions for the public to provide comments, was posted in the front window of the administrative office of the Carpinteria Sanitary District and on the District's website at least 72 hours in advance of the meeting.

I. CALL TO ORDER

President Modugno called the meeting to order at 5:30 p.m. and noted that Director Velasco was absent from tonight's meeting.

Directors Present: Mike Modugno – President
 Michael Damron – President Pro-Tem
 Debbie Murphy – Secretary Pro-Tem
 Lin Graf - Treasurer

Staff Present: Craig Murray – General Manager
 Kim Garcia – District Administrator

Legal Counsel
Present: Karl Berger – Burke, Williams & Sorenson (by Zoom video-conference)

Public Present: None

II. PLEDGE OF ALLEGIANCE

President Modugno led the Pledge of Allegiance.

III. BOARD APPROVAL OF AGENDA

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

IV. BOARD APPROVAL OF MINUTES OF THE MEETING OF November 7, 2023.

Director Graf made a motion, seconded by Director Damron that the Board approve the minutes of the November 7, 2023 Regular Board meeting as presented. The motion carried by the following vote:

AYES:	4	Murphy, Graf, Modugno, Damron
NOES:	0	None
ABSENT:	1	Velasco
ABSTAIN:	0	None

V. PUBLIC FORUM

None.

VI. MATTERS BEFORE THE BOARD

A. GENERAL REPORTS:

1. General Manager's Status Report

General Manager reviewed his written report regarding the following items:

- SAMA Meeting Report
- Beach Club Road Septic to Sewer
- Belt Press Replacement Project
- Operations Update

2. Cash Contract No. 514 – CIO Solutions, Inc. – Server Replacement Project

General Manager reviewed his staff report related to Cash Contract No. 514 with CIO Solutions for services related to the Server Replacement project. If approved, Cash Contract No. 514 would engage CIO, based on their proposal, for services on a time and materials basis with a not to exceed budget of \$47,048.42.

Director Murphy made a motion, seconded by Director Damron that the Board authorize the General Manager to approve Cash Contract No. 514 between the District and CIO Solutions, Inc. for the Server Replacement Project. The motion carried by the following vote:

AYES:	4	Graf, Damron, Murphy, Modugno
NOES:	0	None
ABSENT:	1	Velasco
ABSTAIN:	0	None

Note: The above listed Cash Contract No. 514 has been updated to be named Cash Contract No. 515. No changes to the contract were made other than the updated contract number.

3. 2024 CASA Winter Conference

This item was on the agenda to provide the Board with an update of important dates regarding the upcoming CASA Winter Conference.

No Board action was taken on this item.

4. Carpinteria Advanced Purification Project

General Manager provided an update related to the Carpinteria Advanced Purification Project.

No Board action was taken on this item.

VII. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
Per Government Code Section 54957. Title: General Manager

Legal Counsel led the Board into the above referenced closed session item at 5:51 p.m.

VIII. RECONVENE OPEN SESSION

A. CLOSED SESSION REPORT

Legal Counsel reconvened the open session at 5:55 p.m. and said that there was no action to report on the closed session item.

IX. BOARD ITEMS

A. COMMITTEE REPORTS

Standing Finance Committee

Director Graf reported on the meeting held November 16, 2023.

Standing Personnel Committee

None.

Standing Public Relations Committee

Director Murphy reported on the meeting held November 9, 2023

Standing Utilities Committee

None.

Standing Recycled Water Committee

None.

Summerland Sanitary Coordination Ad-Hoc Committee

Director Murphy reported on the meeting held November 14, 2023

B. GENERAL ITEMS

SBCSDA (Santa Barbara California Special Districts Association) Report

None.

CSRMA Report

None.

Board Member Vacation Dates

None.

Future Agenda Items

None

I. ADJOURNMENT

There being no further items to discuss, President Modugno adjourned the meeting at 6:03 p.m.

Mike Modugno
President

Michael Damron
President Pro-Tem

Gerald Velasco
Secretary

Debbie Murphy
Secretary Pro-Tem

Lin Graf
Treasurer



Carpinteria Sanitary District

Board of Directors Meeting
General Manager's Status Report

TO: Board of Directors

FROM: Craig Murray, P.E. – General Manager

SUBJECT: General Manager's Status Report

DATE: December 19, 2023

Staff Announcements. Mark Bennett, the District's Operations Manager, successfully passed the Advanced Water Treatment Operator Grade 3 exam on December 13th. This certification will be required for the AWPf chief plant operator as well as other lead operators for the proposed CAPP facilities. Congratulations Mark! Roberto Luna complete the NASSCO PACP Certification, which is a standard for CCTV sewer inspection data recording, and qualified for a certification incentive.

Clean Water SoCal Annual Meeting. I attended the annual meeting and Board of Directors meeting for Clean Water SoCal (formerly SCAP) on December 14th. The Board approved a revised dues schedule for the coming fiscal year and agreed to continue pursuing legal remedies related to SWRCB's use of unpromulgated toxicity test methods in NPDES permits. A copy of the Clean Water SoCal Annual Highlights Report outlining activities and successes during 2023 is attached for reference.

Lower Lateral Rehabilitation Project Update. National Plant Services returned on December 18th to line the three remaining laterals and complete this project. We hope to close it out this week.

Operations Update

System operations updates are as follows:

- The treatment plant is operating in full compliance with our NPDES permit. Effluent quality has been consistently high.
- The collection system is operating well with no reported mainline problems or SSO events.
- Collections staff have now fully taken over maintenance of the District's remote lift stations. Tim Gallup is updating the SOPs for these tasks as well.
- Staff received a presentation from Alfa Laval on their belt filter press equipment and reviewed our current replacement project with them and MKN design team members. Coincidentally, we now are dealing with a failed bearing on the existing press that is especially problematic.
- 3240 Beach Club Road made a connection to the sewer line in Padaro Lane last week. Work is beginning on connection to several other properties within this neighborhood.

Engagement with State Water Board:

- ROMS-BEC OAH Interpretation
- SSS WDR Implementation
- PFAS
- Microplastics



Welcome New Members!

- ❖ Municipal Maintenance Equipment
 - ❖ City of Montclair
 - ❖ City of Fullerton

Engagement with CARB:

- Numerous meetings with CARB Board and Executive Leadership on Advanced Clean Fleet (ACF)
- Comments at Public Workshops and Board Meetings (ACF)
- Meetings with CARB on Air Toxics Emission Testing

Presentations Provided:

- SCAP/CASA Collection Committee Meeting
 - CARB Fleet Vehicle Electrification Regulations
 - SCAQMD Tier 4 as BACT for diesel generators
 - Vapor Intrusion Guidance
- CWEA
 - Exfiltration
 - CARB Advanced Clean Fleet Rule
- CASSE
 - CARB Fleet Vehicle Electrification Regulations
 - Tier 4 Emission Control Shut-off
 - Vapor Intrusion Guidance
- Stormwater Summit - CARB Fleet Vehicle Electrification
- SCCWRP - Exfiltration
- EPA - Flushable Wipes Mitigation Practices

Engagement with SCAQMD:

- Digester Gas Beneficial Use
- Permit Streamlining
- Tier 4 as BACT
- Linear Generator Emissions Rule
- Section 185 Penalties

Engagement with Ventura APCD:

- Low NOx Flare Rule

Engagement with SCCWRP:

- Exfiltration
- Microplastics
- OAH – ROMS-BEC Modeling Independent Review

CASQA - Wastewater/Stormwater Collaboration White Paper

Comment Letters:

- ✓ SWRCB Water Conservation Standards
- ✓ CARB Advanced Clean Fleet Rule
- ✓ EPA/FDA Pesticide Oversight
- ✓ Governor's Office Clean Hydrogen Priorities



The CWSP met in-person in March 2023 for a Strategic Planning Meeting and in October for a Regulator Round Table



The 2023 Clean Water Summit Partners (CWSP) Priorities

Water Priorities

- CARB Pooled Air Toxic Emission Study
- ROMS-BEC OAH Independent Review Panel
- Nutrients
- Indoor Water Conservation
- PFAS
- Microplastics
- Exfiltration
- Toxicity – Cerio Study
- SSS WDR Implementation

Biosolids Priorities

- CECs (PFAS, Microplastics)
- SB 1383 Implementation
- Biosolids Land Application Acceptance
- Covid-19 and virus monitoring

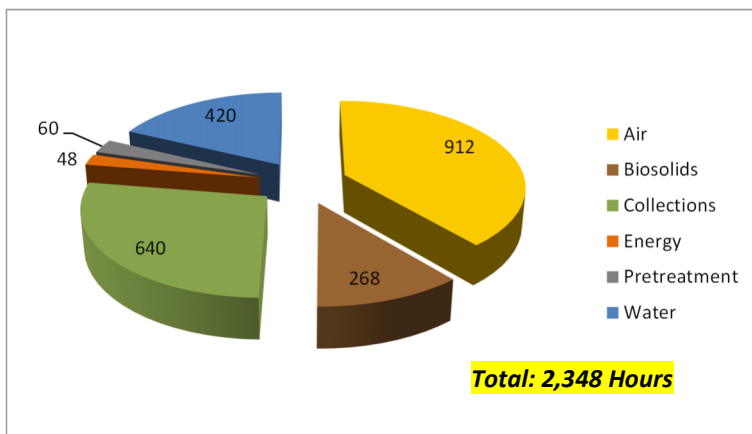


DECEMBER 2023 ANNUAL HIGHLIGHTS REPORT

Committee Meetings Held:

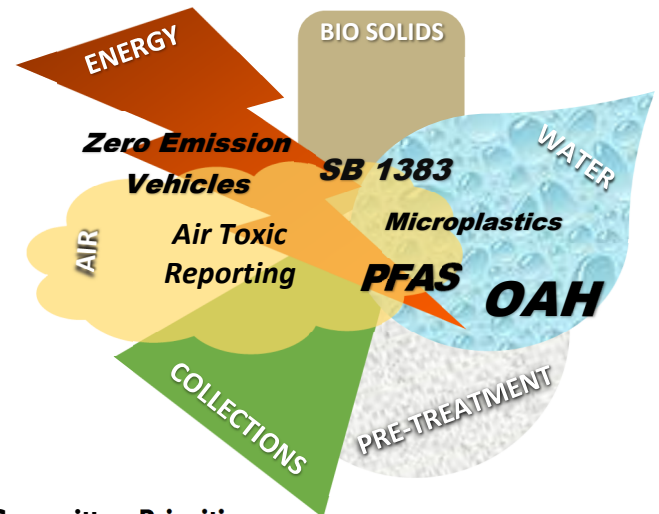
- 12 Air Quality Committee regular monthly meetings
 - Numerous local air district meetings
 - CARB ACF and Air Toxic rule meetings
- Eight Water Committee meetings with CASA
 - One Green House Gas/Climate Change meeting
 - One Microplastics meeting
- One Joint Collection Committee meeting with CASA
- Four SSS WDR Clean Water Summit Partner Webinars
- Eight Biosolids Committee meetings with CASA

Over 2,000 Volunteer Hours in 2023!



Committee Meetings Planned:

- Air Committee will continue to meet monthly and with regulatory agencies for specific rule/regulation advocacy
- Water Committee has planned and identified key speakers for the following meetings/workshops:
 - Toxicity Provisions compliance workshop
 - Ocean outfall issues workshop number three
 - Climate Resiliency – SWB 13267 Survey Workshop
- Collection Committee regular meetings and SCAP/CASA joint meeting
- Pretreatment Committee meetings and participation at the CWEA P3S 2024 Conference Advance Pretreatment for IPR/DPR
- Energy Committee - Fleet Electrification, Fuel Cell Alternatives, Energy Peak Strategies, Community Choice Aggregation
- Biosolids Committee meetings, management options meeting with vendors, and finish SCAP Biennial Biosolids Survey



Committee Priorities:

- **Air Quality Issues:**
 - AB 617 and AB 2588 Air Toxic Reporting
 - California Air Resources Board (CARB) Zero Emission Fleet Regulations
 - SCAQMD Air Quality Management Plan Update
 - SCAQMD Permit Streamlining
 - SCAQMD Rule 317.1 (CAA Section 1185 Penalties)
 - Diesel Emergency Generator Regulations
- **Biosolids Issues:**
 - SB 1383 Short-Lived Climate Pollutant Reduction
 - Biogas pathway preservation
 - PFAS
 - Microplastics
- **Collection Systems Issues:**
 - New Sanitary Sewer System Waste Discharge Requirements (SSS WDR)
 - Climate Resiliency
 - Exfiltration Theories
 - Indoor Water Conservation Standards
 - Public Safety Power Shutoff (PSPS)
 - Diesel Emergency Generator Regulation
- **Energy Issues:**
 - Public Safety Power Shutoff (PSPS)
 - Diesel Emergency Generator Regulation
 - Funding/Incentives
 - Over-generation and grid stability
- **Pretreatment Issues:**
 - PFAS
 - Dental Office Category
 - Alkaline Hydrolysis
 - Microplastics
- **Water Issues:**
 - Ocean Acidification and Hypoxia (Nutrients)
 - PFAS
 - Toxicity Provisions
 - Bio-stimulatory/Bio-integrity Provisions
 - Indoor Water Conservation Standards
 - Microplastics
 - GHG reporting



Carpinteria Sanitary District

Board of Directors Meeting

STAFF REPORT

TO: Board of Directors

FROM: Craig Murray, P.E. - General Manager

SUBJECT: **CalPERS Unfunded Actuarial Liability Overview**

DATE: December 19, 2023

REQUESTED ACTION: That the Board receive an overview presentation on its CalPERS retirement program and associated unfunded actuarial liability.

BACKGROUND: Based on input from the Board Finance Committee, the District engaged Ridgeline Municipal Strategies (Ridgeline) to perform an assessment of the District's pension liability and make a presentation to the Board of Directors. CalPERS annually estimates the District's unfunded actuarial liability (UAL). Because this determination is based in large part on investment performance and market conditions, the UAL value is subject to volatility.

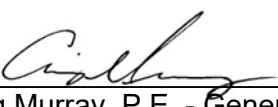
The District has implemented a number of strategies to address its UAL, but it is important to periodically review our position and evaluate the best ways to manage this obligation. Dmitry Semenov, a principal at Ridgeline will provide the board with a presentation on this topic. Copies of his slide presentation are attached.

RECOMMENDATION: Receive the presentation from Ridgeline and provide any desired direction to staff.

SUGGESTED MOTION: None.

M_____ S_____

Ayes:_____ Nays:_____ Abstentions:_____

Prepared By: 
Craig Murray, P.E. - General Manager

Pension Liability Assessment: Board Study Session



December 19, 2023



Municipal Advisory | Pension Optimization | Revenue Generation | Quantitative Strategies



Pension Liability Analysis Context



- Majority of CalPERS member agencies face large unfunded liabilities
- FY 2021 – CalPERS generated very high investment return (22.4%)
- 2021 high returns increased funded levels by $\approx 10\%$
- FY 2022 – CalPERS incurred large investment loss (-7.5%)
- 2022 loss wiped out prior year's gain and then some
- Most recent CalPERS data only covers FY 2022
- 2023 numbers are estimates and will slightly change in Aug 2024

06/30/2022 Pension Plans Overview



Pension Plan	Total Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	% Funded
Misc	\$13,084,045	\$9,727,662	\$3,356,383	74.3%
PEPRA Misc	\$337,833	\$300,735	\$37,098	89.0%
<hr/>				
TOTAL	\$13,421,878	\$10,028,397	\$3,393,481	74.7%

Source: 06/30/2022
CalPERS Actuarial Reports

Definitions:

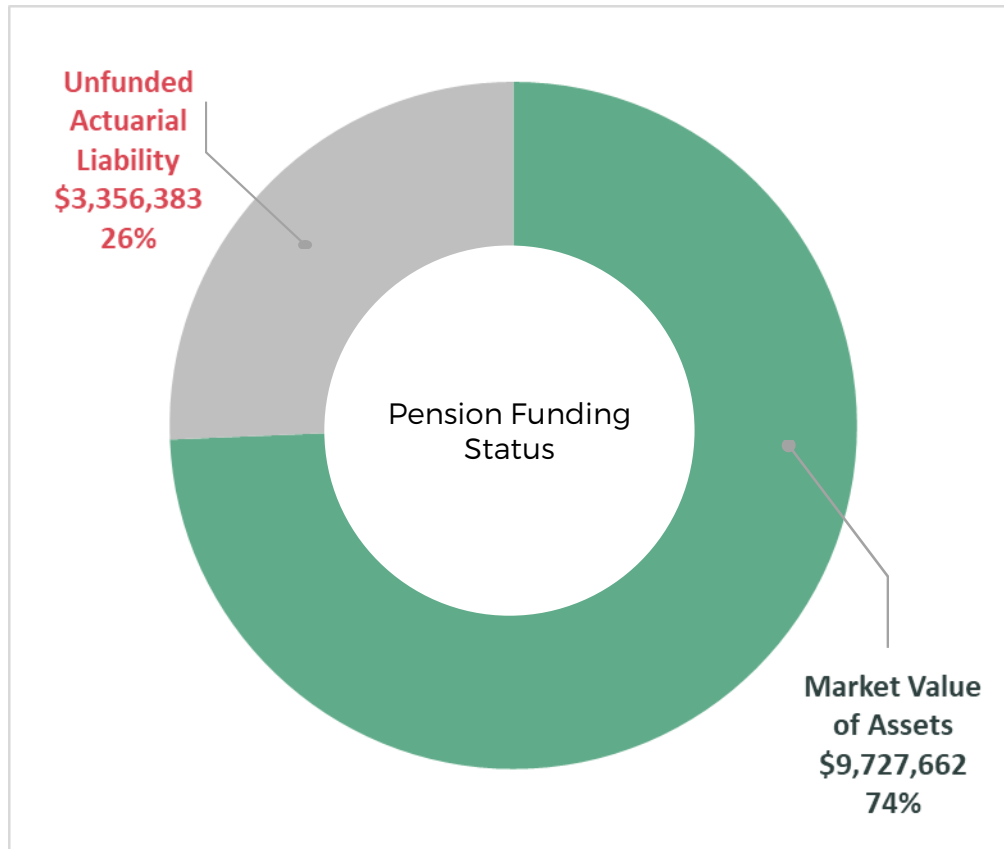
Total Accrued Liability = What You Need

Market Value of Assets = What You Have

Unfunded Accrued Liability = What You Owe

Misc = Largest Savings Opportunity

06/30/2022 Pension Funding Status



Source: 06/30/2022
CalPERS Actuarial Report

- Total Pension Obligations = \$13.1M
- Pension Assets = \$9.7M
- Shortfall = \$3.4M (26% of what is needed)

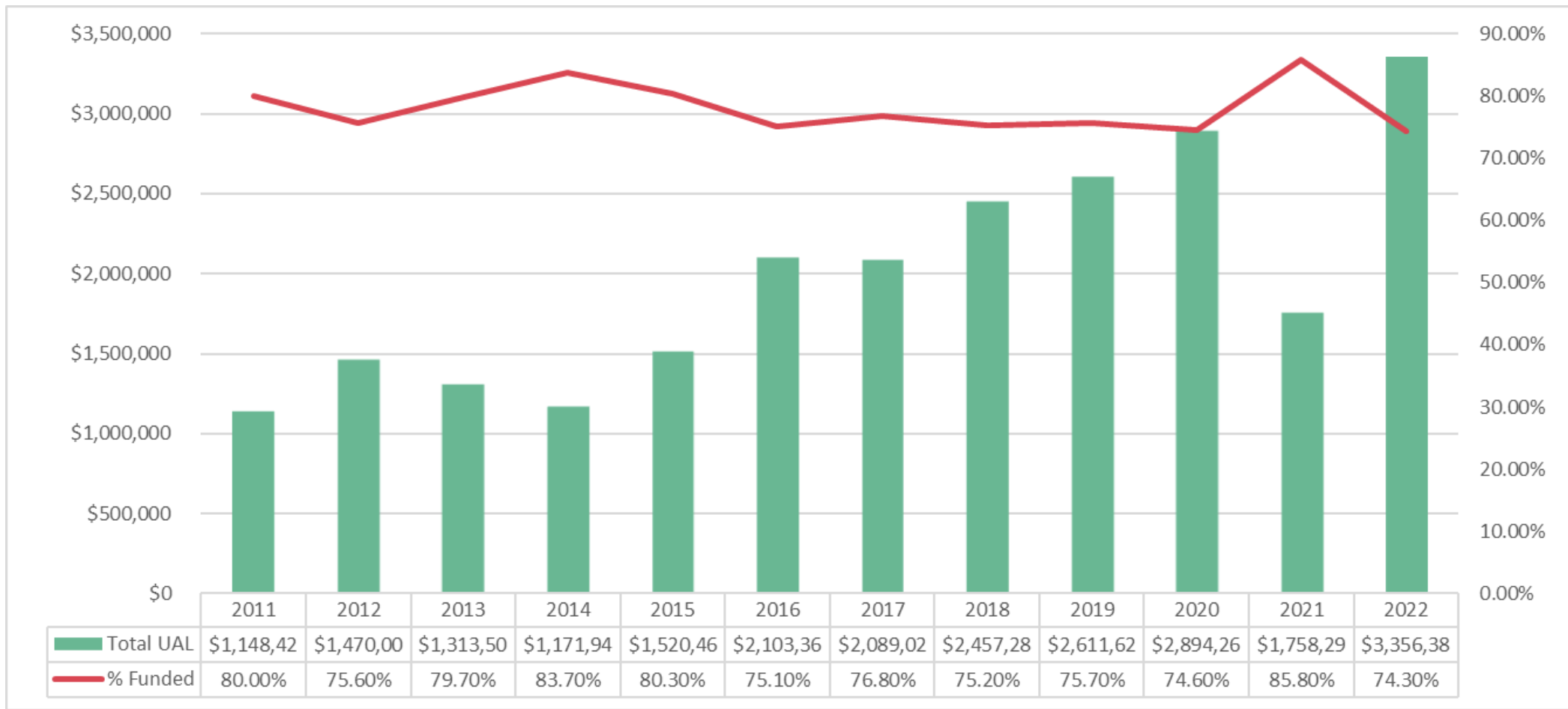
Shortfall (UAL) = DEBT:

- Owed to CalPERS
- Reduced or delayed payments not allowed
- Amortizes over time (up to 20 years)
- Accrues interest at 6.8% interest rate (**\$2M total**)
- District's most expensive debt
- No prepayment restrictions or penalties

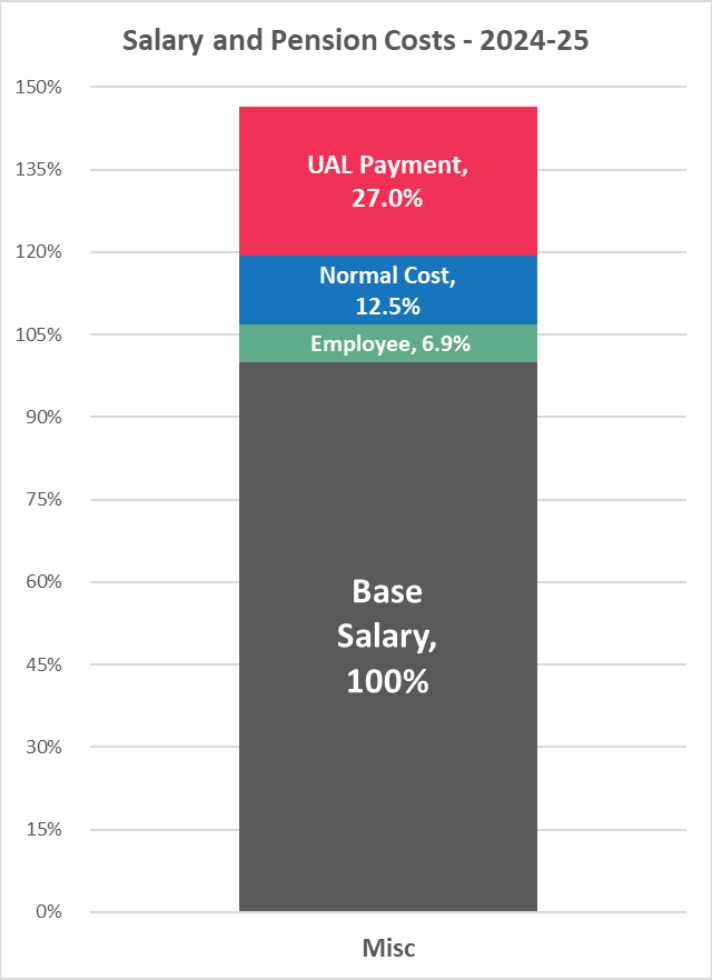
UAL and Funding Level



- 12 years later:
- Owe \$2.2M more
 - Funded level 6% lower



Pension Costs Overview



District and employee pension costs:

- 46% of salaries in Misc Plan

Two types of payments to CalPERS:

- **Normal Cost (Fully Covered by District):**
 - Annual pension benefit cost for current employees
 - % of payroll
- **UAL Payment (District Only):**
 - Repayment of pension funding shortfall
 - Fixed dollar amount
 - Includes interest at 6.8%

Source: 06/30/2022
CalPERS Actuarial Report

Pension Payments

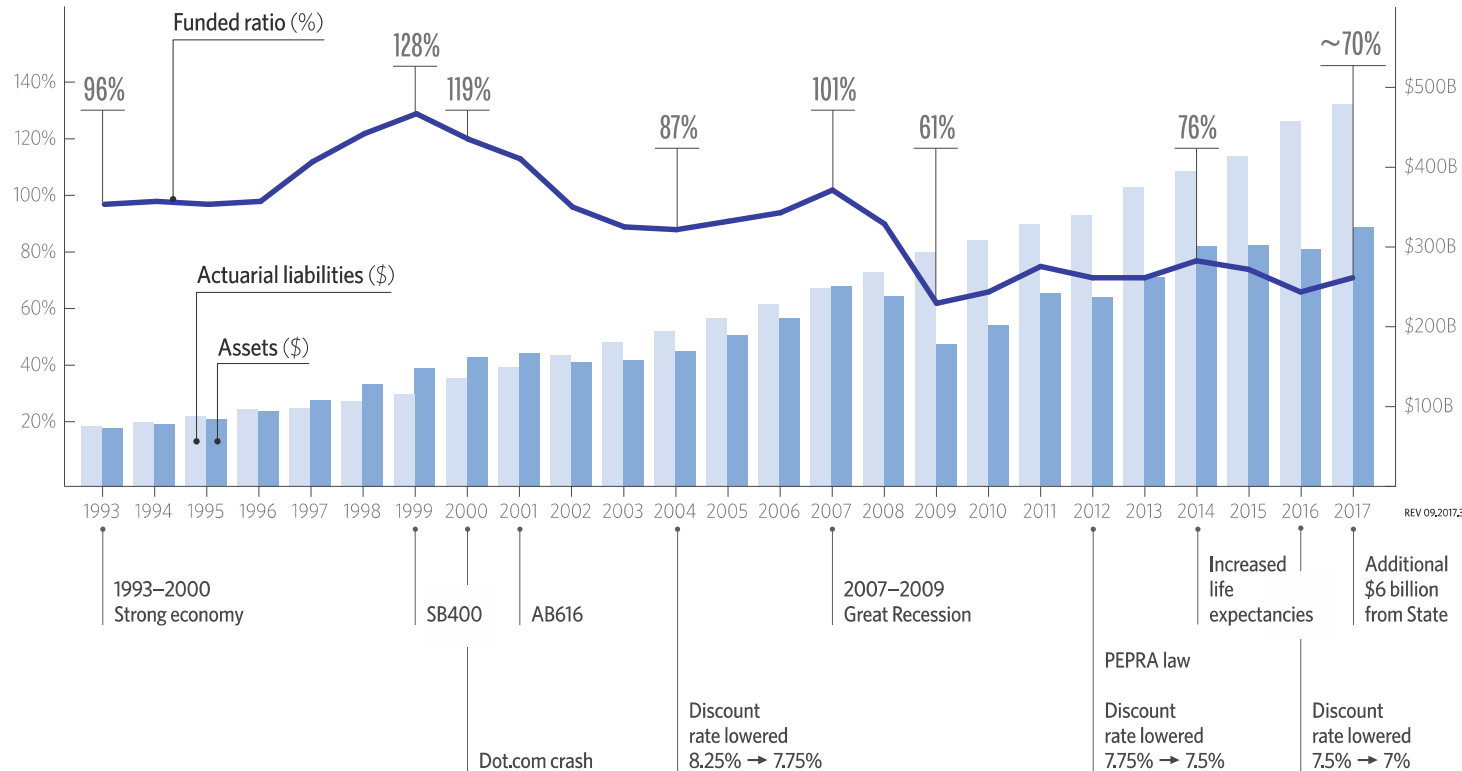


Annual Pension
Payment Increase:

\$240K in 9 years
(138%)

Source: 06/30/2022
CalPERS Actuarial Report

CalPERS History Lesson



Source: CalPERS

- 1999 – CalPERS “Superfunded” (128%)
- 2000 – SB 400 / AB 616
 - (Retroactive Benefit Increase)
- 2000-02 – dot.com investment losses:
 - 2000-01: -7.2%
 - 2001-02: -6.1%
- Loss of “Super Funded” Status
- 2008-09 – Great Recession:
 - Investment Loss: - 27% (\$67 Bn)
 - Full impact: - 34.75% (+ 7.75% discount rate)
 - CalPERS 61% funded
- 2012 – PEPRA - New Employees Only
- 2023 – CalPERS 72% funded

Pension Cost Increase Drivers



Benefit
Increases

Salary
Increases
over 2.85%

Longer Life
Spans

Fewer Active
Workers

Weak
Investment
Performance

CalPERS
Assumption
Changes

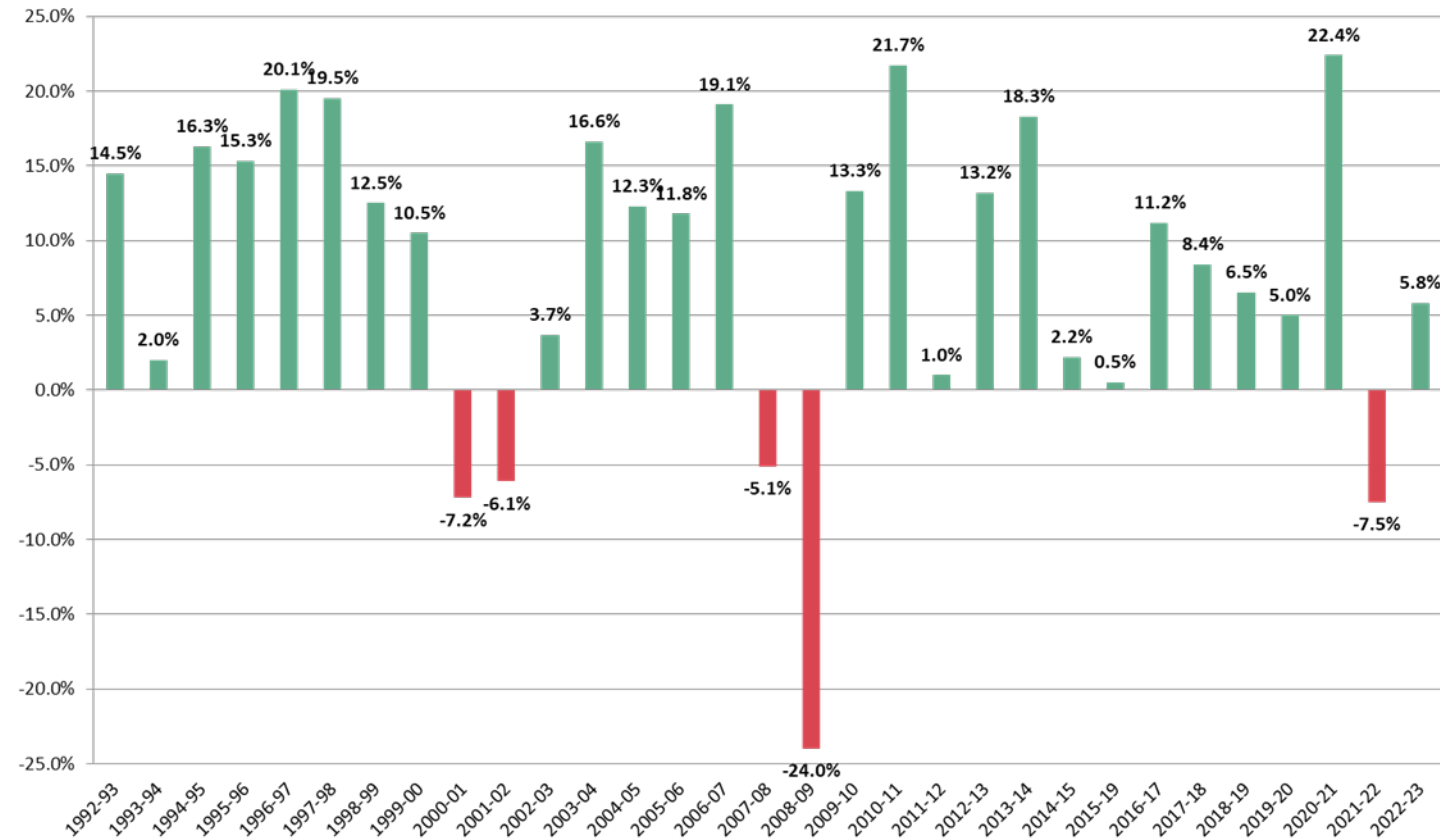
Negative
Amortization

Investment Risk and Returns



CalPERS Historical Average Rates of Return:

Thru 2021-22: 5 years – 6.1% 10 years – 7.1% 20 years – 7.0% 30 years – 7.5%



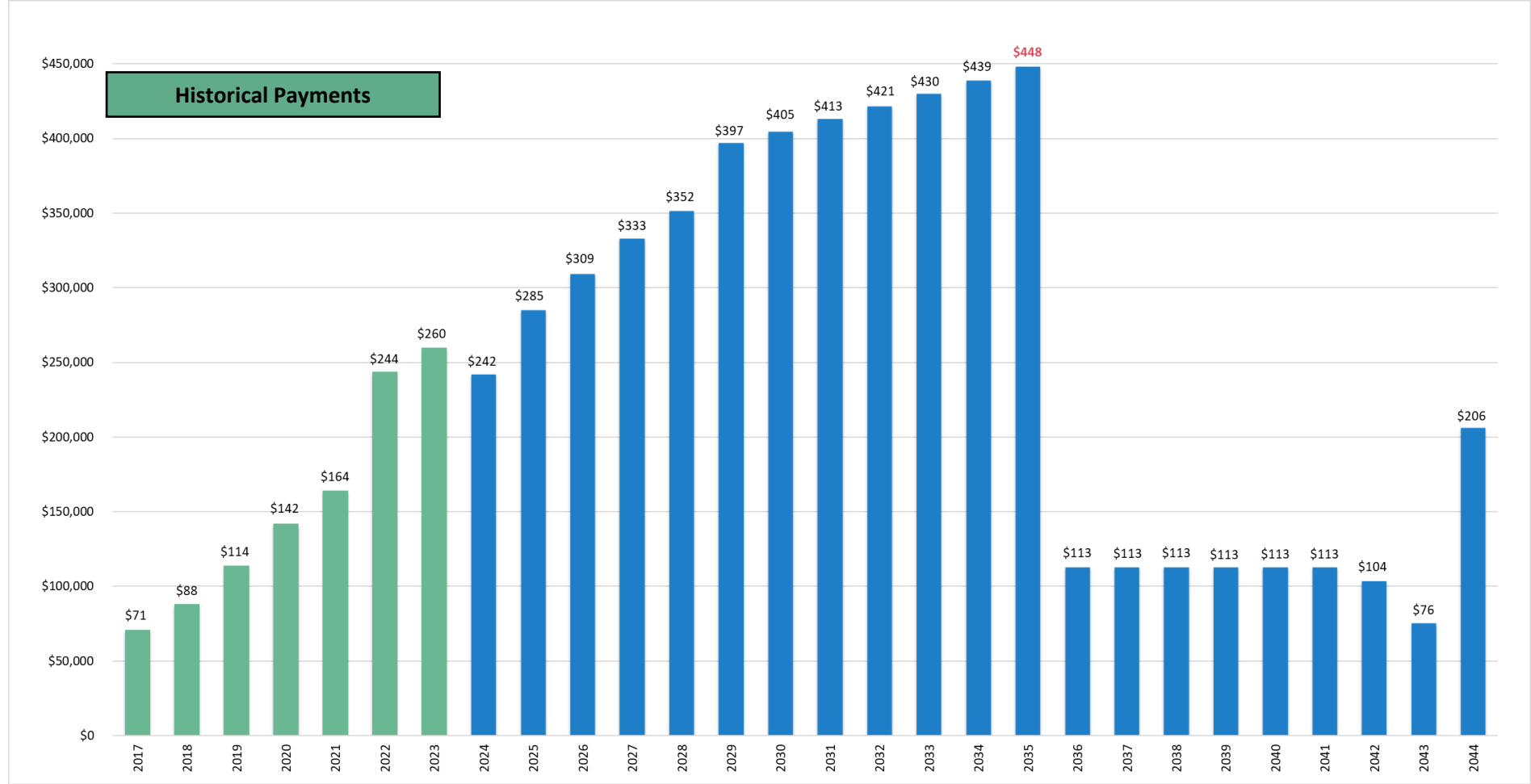
- 2022: 56% of pension benefits funded by investment returns
- CalPERS manages pension investments
- **District bears all investment risk**
- Failure by CalPERS to achieve target investment returns does not relieve District from pension benefit guarantees to employees and retirees
- **District's cash (UAL payments) makes up investment return shortfalls**

Future Return Expectations



- **Lower overall return environment**
 - CalPERS has been reducing discount rate / return expectations:
 - 8.75% in 1995 => 6.8% in 2021
 - Expected portfolio performance of 6.2% for next 20 years
 - CalPERS Board approved leverage to boost portfolio returns
- **2021 return: 22.4%**
 - Any return above 7% = positive impact => UAL decrease
 - 22.4% return = 15.4% funding boost = \$1.1M UAL decrease
- **2022 return: -7.5%**
 - Any return below 6.8% = shortfall => UAL increase
 - 7.5% loss = 14.3% funding shortfall = \$1.5M UAL increase
- **2023 estimated return: 5.8%**
 - 5.8% return = 1% funding shortfall = \$100K UAL increase

Current UAL Amortization Schedule



06/30/2022 Valuation

UAL Payments Only

DOES NOT INCLUDE:

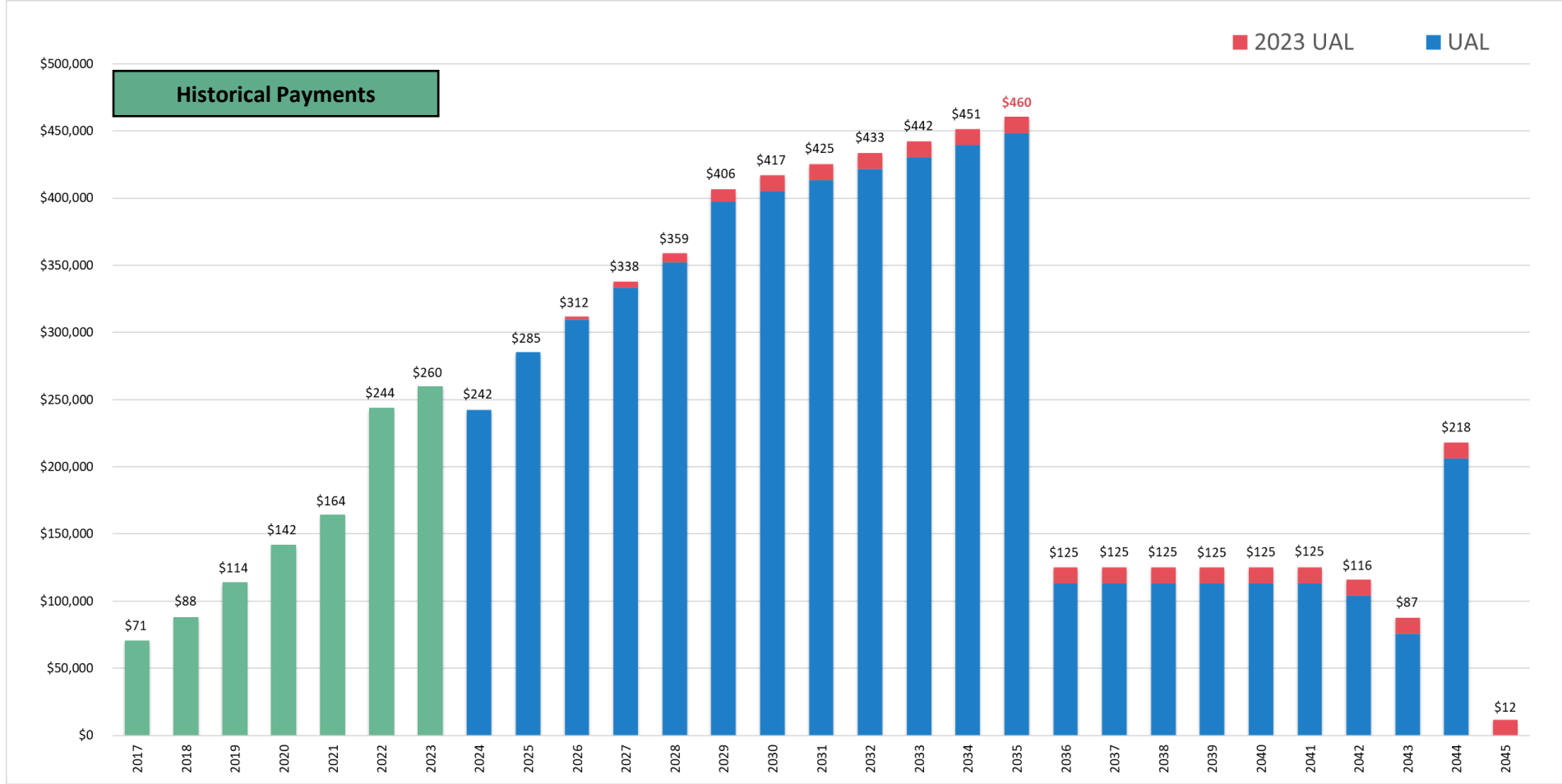
- Normal Cost

Total interest cost

\$2M

Source: 06/30/2022
CalPERS Actuarial Report

2023 Investment Loss Impact Estimate



UAL Payments Only

DOES NOT INCLUDE:

- Normal Cost

Total interest cost

\$2.1M

Sources: 06/30/2022
CalPERS Actuarial
Report, CalPERS, and
UAL estimates

UAL Bases and Negative Amortization



Reason for Base	Date Est.	Ramp Level 2024-25	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Minimum Required Payment 2024-25
Fresh Start	6/30/18	No Ramp		2.80%	11	2,434,977	244,752	2,347,619	247,257	2,251,732	254,180
Investment (Gain)/Loss	6/30/19	80%	Up Only	0.00%	17	47,810	2,000	48,994	2,946	49,281	3,928
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	17	46,216	4,331	44,883	4,255	43,538	4,256
Investment (Gain)/Loss	6/30/20	60%	Up Only	0.00%	18	229,873	5,035	240,301	9,878	246,433	14,817
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	18	40,790	3,729	39,710	3,662	38,626	3,662
Assumption Change	6/30/21	No Ramp		0.00%	19	47,492	(8,915)	59,935	5,390	58,440	5,389
Net Investment (Gain)	6/30/21	40%	Up Only	0.00%	19	(1,140,514)	0	(1,218,069)	(26,182)	(1,273,840)	(52,364)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	19	(53,627)	0	(57,274)	(5,150)	(55,846)	(5,150)
Risk Mitigation	6/30/21	No Ramp		0.00%	0	324,942	(9,057)	356,398	368,316	0	0
Risk Mitigation Offset	6/30/21	No Ramp		0.00%	0	(333,706)	0	(356,398)	(368,316)	0	0
Investment (Gain)/Loss	6/30/22	20%	Up Only	0.00%	20	1,528,248	0	1,632,169	0	1,743,156	37,469
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	20	183,882	0	196,386	0	209,740	18,861
Total						3,356,383	241,875	3,334,654	242,056	3,311,260	285,048

Source: CalPERS Actuarial Valuation Report

- **Standard CalPERS Investment (Gain) / Amortization Rules:**
 - No payments for the first 2 years
 - 5-year Payment Ramp-Up (20%, 40%, 60%, 80%, 100%)
 - 15 years of level payments

Negative Amortization



FYE	UAL Year	Starting UAL Balance	Interest	Payment	Ending UAL Balance
2023	1	\$1,528,248	\$103,921	\$0	\$1,632,169
2024	2	\$1,632,169	\$110,987	\$0	\$1,743,156
2025	3	\$1,743,156	\$117,260	(\$37,469)	\$1,822,947
2026	4	\$1,822,947	\$121,412	(\$74,938)	\$1,869,421
2027	5	\$1,869,421	\$123,298	(\$112,407)	\$1,880,312
2028	6	\$1,880,312	\$122,765	(\$149,876)	\$1,853,201
2029	7	\$1,853,201	\$119,647	(\$187,345)	\$1,785,504
2030-44	8-22	\$1,785,504		(\$187,345)	\$0

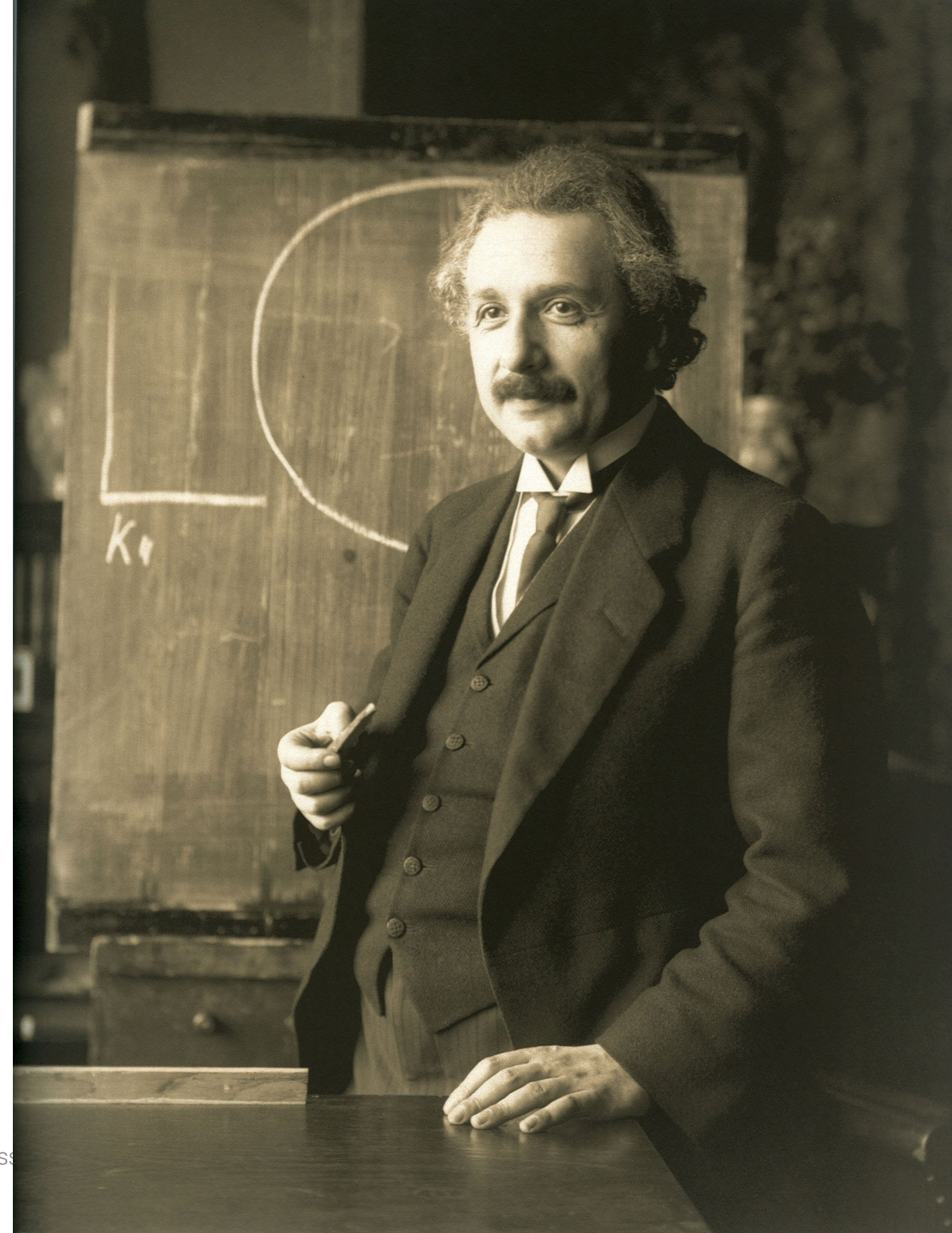
} UAL keeps growing

23% UAL increase before you start paying it down

Total Interest = 120% of New UAL

**“No problem can
be solved from the
same level of
consciousness that
created it.”**

- Albert Einstein



Pension Strategy Objectives



Holistic approach: reserves, cash flow constraints, capital improvements, policy objectives, political dynamics, etc.

- Normal Cost - can only be reduced thru labor practices
- UAL Payments – can be reduced thru multiple strategies

MINIMIZE PAYMENTS

- Cash flow management
- Extend repayment period
- Reduce interest rate

OR

MINIMIZE INTEREST

- Total cost management
- Accelerate repayment
- Reduce interest rate

Pension Optimization Strategies



PAY DOWN

- 1. Annual Prepayment - ✓
- 2. Additional Payments / Specific Base Targeting (R)
 - a. Reserves, one-time revenues, fund surpluses
 - b. Savings from debt refunding
- 3. Rate Increases (R)

REFINANCE

- 4. Fresh Start - ✓ / Informal Fresh Start (R)
- 5. Capital Financing (R)
- 6. Direct Refunding / Pension Obligation Bonds (R)
(currently do not work)

OTHER

- 7. Eliminate Negative Amortization (R)
- 8. Labor Practices
- 9. Pension Rate Stabilization 115 Trust - ✓

(R) Ridgeline Support Available

Section 115 Trust Performance Overview



FYE	Starting 115 Balance	Contributions	Performance	Ending 115 Balance
2020	\$0	\$500,000	(\$1,032)	\$498,968
2021	\$498,968	\$250,000	\$143,435	\$892,403
2022	\$892,403	\$0	(\$173,483)	\$718,920
2023	\$718,920	\$0	\$62,490	\$781,410
Total		\$750,000	\$31,410	

- Over the last 4 years, the Trust's average annual return was $\approx 1.05\%$ (estimated)

Next Steps



- Identify District Priorities
- Consider Adopting Pension Liability Management Policy
- Develop and Implement Appropriate Strategies
 - None of the strategies will prevent future UAL increases
- Annual Reviews of Actuarial Valuation
- **There is no one-time fix!!!**

WHILE YOU CANNOT PREVENT FUTURE UAL INCREASES, YOU CAN PREPARE FOR THEM

Questions?



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Carpinteria Sanitary District

Board of Directors Meeting

STAFF REPORT

TO: Board of Directors
FROM: Kim Garcia, Board Clerk
SUBJECT: Board Member Email Communications
DATE: December 19, 2023

REQUESTED ACTION: Provide direction to staff regarding mode of email communications for District business purposes.

BACKGROUND: Members of the District Board of Directors regularly communicate via email with District staff. Directors may also receive emails from members of the public, trade associations or other entities that are directly related to the District. Each Director has an email address associated with the District's **carpsan.com** domain name that is published on the District's website and in other locations.

Board members are regularly reminded of the Brown Act requirements pertaining to electronic communications between Directors and restrictions on serial meetings. Additionally, Board members have been advised on the fact that email communications may generally be considered public records under the California Public Records Act.

The purpose of this item is to review options for email distribution and retention. Technically, there are various options for receiving email that include the use of District assigned tablet devices, personal computers or mobile devices. Staff will query Board members to ensure that email messages are delivered in the most reliable and convenient manner going forward.

RECOMMENDATION: None.

SUGGESTED MOTION: None.

M_____ S_____

Ayes:_____ Nays:_____ Abstentions:_____

Prepared By: 
Kim Garcia, Board Clerk



Carpinteria Sanitary District

Board of Directors Meeting

STAFF REPORT

TO: Board of Directors

FROM: Craig Murray, P.E. - General Manager

SUBJECT: First Amendment to Employment Agreement for District General Manager

DATE: December 19, 2023

REQUESTED ACTION: That the Board consider an amendment to the employment agreement between the District and General Manager Craig Murray.

BACKGROUND: An Employment Agreement between the Carpinteria Sanitary District and General Manager Craig M. Murray was executed on December 21, 2021. Section 3 of this agreement, which addresses compensation, includes provision of a District vehicle for use by General Manager and includes costs for fuel, maintenance and insurance. Prior agreements also provided this benefit.

In 2013 the District purchased a 2014 model year Ford Explorer which has been assigned to the General Manager for business and incidental personal use since that time. In lieu of replacing or updating this 10-year old vehicle, it is proposed that the General Manger instead receive a monthly allowance for use of his personal vehicle for District business.


Attached is the First Amendment to Employment Agreement Dated December 21, 2021 Between the Carpinteria Sanitary District and Craig M. Murray, drafted by District legal counsel. If approved, Section 3(d)(2) would be amended to provide a monthly car allowance in lieu of a District provided vehicle.

RECOMMENDATION: Review and consider an amendment to the employment agreement between the District and General Manager Craig Murray.

SUGGESTED MOTION: None.

M _____ S _____

Ayes: _____ Nays: _____ Abstentions: _____

Prepared By: 
Craig Murray, P.E. - General Manager

**FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT DATED DECEMBER 21, 2021
BETWEEN
THE CARPINTERIA SANITARY DISTRICT AND
CRAIG M. MURRAY**

THIS FIRST AMENDMENT (“Amendment”) is made and entered into this 19th day of December 2023, by and between the CARPINTERIA SANITARY DISTRICT, a public entity corporate and politic organized in accordance with Health and Safety Code §§ 6400, *et seq.* (“District”), and CRAIG M. MURRAY, an individual (“Manager”).

1. Pursuant to Section 12 of the Employment Agreement (“Agreement”), Section 3(d)(2) is amended in its entirety to read as follows:

“(2) Automobile Expense Allowance. District will provide Manager with an automobile expense allowance of \$_____ per month. Manager must provide his own automobile for his use in the performance of his duties and be responsible for all maintenance, repair, fuel and insurance expenses for said vehicle. No other vehicle reimbursement is permitted. District must be named as an additional insured on Manager’s personal automobile insurance for liability purposes.”

2. Section 11 of the Agreement is amended as to noticing for District’s general counsel. A copy of all notices will be sent to Karl H. Berger c/o Burke, Williams & Sorensen, LLP 444 South Flower Street, Ste. 2400 Los Angeles CA 90071.

3. This Amendment may be executed in any number or counterparts, each of which will be an original, but all of which together constitutes one instrument executed on the same date.

4. Except as modified by this Amendment, all other terms and conditions of the Employment Agreement remain the same.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

CARPINTERIA SANITARY DISTRICT

By: _____

Mike Modugno
President, Board of Directors

“District”

Craig M. Murray

“Manager”

ATTEST:

Gerald Velasco
Secretary, Board of Directors

APPROVED AS TO FORM:

BURKE, WILLIAMS AND SORENSEN, LLP
Attorney for District

By: _____
Karl H. Berger



Carpinteria Sanitary District

Board of Directors Meeting

STAFF REPORT

TO: Board of Directors
FROM: Kim Garcia, Board Clerk
SUBJECT: Annual Board Reorganization
DATE: December 19, 2023

REQUESTED ACTION: Board action establishing officers, the meeting place, meeting time, and other housekeeping functions required/authorized by law.

BACKGROUND: Each year, as required by law, the Board conducts annual organizational duties whereby the District sets, resets, confirms, and generally clarifies District positions, meeting place, and meeting time.

The methods with which to nominate and elect positions are at the Board's discretion. I have provided a blank slate for all positions for the Board's consideration.

The Board may choose to:

1. Deliberate, set positions, and pass all items with one motion;
2. Deliberate, set each position and make each determination with a separate motion; or
3. Deliberate and cluster approvals.

BOARD AND COMMITTEE DETERMINATIONS:

- The Board establishes _____ as *President*.
Motion: _____ Second: _____
- The Board establishes _____ as *President Pro-Tem*.
Motion: _____ Second: _____
- The Board establishes _____ as *Secretary*.
Motion: _____ Second: _____
- The Board establishes _____ as *Secretary Pro-Tem*.
Motion: _____ Second: _____

< The Board affirms the rotation of subsequent Secretary Pro-Tems of the remaining Board members in alphabetical order in the event that the Secretary and Secretary Pro-Tem are not available.
- The Board establishes _____ as *Treasurer*.
Motion: _____ Second: _____

The Board establishes existing Standing Committee Chairpersons and membership as follows:

1. Finance Committee:

Chairperson: _____ Member: _____

2. Personnel Committee:

Chairperson: _____ Member: _____

3. Public Relations Committee:

Chairperson: _____ Member: _____

4. Local Utilities Committee:

Chairperson: _____ Member: _____

5. Recycled Water Committee

Chairperson: _____ Member: _____

JOINT POWERS AUTHORITY ASSIGNMENTS: The Board establishes participation in joint powers authorities on behalf of the District as follows:

1. Coastal Districts Financing Authority*:

Member: _____ Member: _____

* Pursuant to Resolution No. R-256, adopted by the Board of Directors on September 18, 2012, the Board President and President Pro-Tem shall be designated to serve as CDFA Board Members.

HOUSEKEEPING DETERMINATIONS:

- The Board reaffirms Karl H. Berger of Burke, Williams & Sorensen, LLP as Legal Counsel.
- The Board reaffirms Craig Murray, P.E. as General Manager.
- The Board affirms 5300 Sixth Street as the place of regular meetings of the Board.
- The Board affirms the first and third Tuesday of each month as the days of the regular meetings of the Board, unless the first and third Tuesday falls on a national holiday.
- The Board affirms 5:30 p.m. as the time of the regular meetings of the Board.
- The Board reaffirms that Section 54956 and 54956.5 of the Government Code are designated as the manner by which special and emergency meetings respectively shall be called.
- The Board reaffirms compensation to Directors as established by Board Resolution for attendance at regular, special or adjourned meetings of the Board of Directors, for committee meetings, seminars, conferences and other meetings as established by Board Resolution.

**Note: Should the Board change President or Secretary during this evening's actions, the Board must order the Secretary to file a Statement of Facts with the Secretary of State and the County as required by Law.*

RECOMMENDATION: None. Board decision.

SUGGESTED MOTION: I move that the Board approve and adopt the organizational provisions as (presented) (modified) in this staff report, and, ***if officers are changed***, orders the Secretary to file a Statement of Facts with the Secretary of State and the County Clerk Recorder's Office.

M _____ S _____

Ayes: _____ Nays: _____ Abstentions: _____

Prepared By:  _____
Kim Garcia, Board Clerk

Reviewed By:  _____
Craig Murray, P.E., General Manager

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