

MINUTES
SPECIAL MEETING OF THE GOVERNING BOARD
GOLETA SANITARY DISTRICT
A PUBLIC AGENCY
DISTRICT OFFICE CONFERENCE ROOM
ONE WILLIAM MOFFETT PLACE
GOLETA, CALIFORNIA 93117

October 21, 2011

BOARD MEMBERS PRESENT: Steven T. Majoewsky, George W. Emerson, Jerry D. Smith, John R. Fox, John S. Carter

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Kamil Azoury, General Manager, Jeff Salt, Operations Manager, Rob Mangus, Administration Supervisor, Richard Battles, Legal Counsel from Howell Moore & Gough LLP

OTHERS PRESENT: Rick Merrifield, of the Board of Directors of the Goleta Water District, Larry Meyer, Board member of Goleta West Sanitary District, Craig Geyer, Goleta West Sanitary District, Jarrett Gorin and his associate Jason of Vanguard Planning, LLC.

CALL TO ORDER: President Majoewsky called the meeting to order at 12:00 p.m.

APPROVAL OF MINUTES: Director Smith made a motion, seconded by Director Emerson to revise the draft minutes of the Regular Board meeting of 10/03/11 with a change in the wording in the minutes from compensation to base salary.

(11/10/966)

AYES: Majoewsky, Emerson, Smith, Carter, Fox

NOES: None

ABSENT: None

ABSTAINED: None

Board discussion followed noting other minor changes.

Director Smith made a motion, seconded by Director Carter to approve the minutes, as corrected, of the Regular Board meeting of 10/03/11.

(11/10/967)

AYES: Majoewsky, Emerson, Smith, Carter, Fox
NOES: None
ABSENT: None
ABSTAINED: None

POSTING OF AGENDA:

The agenda notice for this meeting was posted at the main gate of the Goleta Sanitary District 24 hours in advance of the meeting.

PUBLIC COMMENTS:

None (comments at each agenda item)

BUSINESS:

1. CONSIDERATION AND ACTION REGARDING REQUESTS FROM VANGUARD PLANNING LLC RELATING TO THE SEWER SERVICE CHARGES FOR THE PROPERTIES LOCATED AT 5266 AND 5276 HOLLISTER AVENUE IN GOLETA

Mr. Azoury recapped the correspondence from Vanguard Planning, LLC on behalf of Mr. Bowis, the property owner at 5266 and 5276 Hollister Avenue, including the letter that arrived via e-mail in the morning before the Special Meeting. Mr. Azoury continued with a report on the two meetings of the Ad Hoc Committee held on August 23, 2011, and on September 20, 2011. He indicated that the Ad Hoc Committee did not have any recommendations to the Board since the Committee's effort had not been concluded. Mr. Azoury further advised that the Alternative Rate Methodology under Ordinance 71 does not apply for the properties under question because the actual water consumption is below the annual allocation and this rate alternative method applies only if the actual water consumption exceeds the annual allocation. Mr. Azoury reviewed various scenarios not yet considered by the Ad Hoc Committee, including staff effort of the field survey, and available options of charges such as a flat rate charge system; a charge based upon water consumption and indicated that water consumption numbers are not available for all offices; charges based upon square footage; and charges based upon occupancy. Mr. Azoury noted that this latter approach (occupancy) is used in a special case for the County of Santa Barbara under a specific contract with the District. Mr. Azoury continued indicating that the Committee is attempting to complete its efforts using due diligence because a change in one class of users will affect the charges for other user classes according to the District's rate model. Board member Smith inquired about the Proposition 218 hearing requirement and Mr. Battles answered that when there is an increase in rates or a new methodology of calculating rates Proposition 218 requirements must be met.

Mr. Gorin presented his written materials and charts and made a review of his prior presentation on August 1, 2011. Mr. Gorin suggested that the Board should acknowledge there may be a problem with the current rates and he stated concerns and complained about the process and progress of the Ad Hoc Committee. Mr. Gorin requested that the alternative

rate in Ordinance 71 be applied to his client's properties and further requested a separate vote on each of his requests related to this matter as listed in his letter to the District. Mr. Gorin expressed concerned about any overcharge not being refunded to his client; however, Mr. Azoury advised Mr. Gorin that if any charges were made in error they would be refunded but that a change in methodology that produces a lower rate going forward would not be retroactive. Mr. Azoury pointed out that the analysis provided by Mr. Gorin is water consumption based and that the Office Suites rate is not based upon water consumption because the actual water consumption is under the annual allocation for office suites. As such the flat rate rather than the alternative rate under Ordinance 71 applies.

Board discussion followed. The Board noted that consideration must be given to all users within the District and that any action would have an effect on each class of users. Director Emerson made a motion seconded by Director Carter that (i) the Board take Mr. Gorin's requests and the information he presented under advisement, (ii) that the Ad Hoc Committee continue its work in reviewing the District's rate structure and methodology, (iii) that it is not feasible to set time certain for completion of the Committee's work, and (iv) that the Committee advise the Board as and when progress is made.

(11/10/968)

AYES: Majoewsky, Emerson, Smith, Fox, Carter

NOES: None

ABSENT: None

A lunch recess was called at 1:10 pm and the Board resumed at 1:35 pm.

2. CONSIDERATION AND ACTION REGARDING AMENDMENTS PROPOSED BY CALAFCO TO GOVERNMENT CODE SECTION 56133 RELATING TO OUT-OF-AGENCY SERVICE AGREEMENTS

Mr. Azoury presented the Staff report on the proposed changes by CALLAFCO to Government Code Section 56133 and its application to the District. Mr. Battles clarified the proposed changes and reminded the Board of its previous ordinance regarding this same issue.

Mr. Craig Geyer addressed the Board, not as a representative of Goleta West Sanitary District, but as a member of the public. Mr. Geyer brought forth his observations of the history of this issue with respect to LAFCO and went on to suggest that the District and all other Districts would be advised to review their Municipal Service Review documents and suggested opposing the proposed changes that if they become law, the LAFCO process will not be subject to appeals. He also commented on the role of the Executive Director and the authority the new changes would provide him.

Lengthy Board discussion followed in which it became evident that the proposed changes by CALAFCO would create conflicts with the District policies which would not be in the best interest of the public. The Board discussed also the proposed changes in the Executive Director's authority and concluded by directing staff to send a letter to LAFCO opposing the

proposed changes by CALLAFCO and suggesting further limitations to the Executive Director's authority with respect to approval of out-of-service agreements to be limited to applications related to public health needs. The Board directed Staff to work with President Majoewsky to prepare a letter response to SB LAFCO's request for comment on proposed amendments to Government Code Section 56133.

No formal action was taken.

5. GENERAL MANAGER'S REPORT

Mr. Salt reviewed items within the report with brief Board discussion.

Mr. Azoury requested information about the plans for the District's Open House scheduled for Saturday October 29, 2011. Mr. Salt explained that no walking tours are planned this year due to construction activities and described planned perimeter fencing to keep the public out of the construction zone. However, driven tour rides of the facility are planned to provide a view of the work and the rest of the plant.

Mr. Salt reported that the Lemon Festival booth this year was busy and considered a success.

6. LEGAL COUNSEL'S REPORT

Mr. Battles reported on a case where a public works contractor was bound by contractual claims requirements. Prime contractors that fail to complete public projects on time often claim that circumstances beyond their control caused the delay. He indicated that the Court held in the recent decision cited by Mr. Battles that liquidated damages were proper against the prime contractor who claimed that the public entity was responsible for its delay in completing the project, because the contractor failed to follow procedures in the contract for claiming additional time for completion. Mr. Battles continued that Civil Code section 1511 provides that a contract may require notice to be given by the contractor to seek a time extension.

7. COMMITTEE/DIRECTOR'S REPORTS AND APPROVAL/RATIFICATION OF DIRECTORS' ACTIVITIES

Director Fox reported on the CSDA Conference and session meetings in Monterey, California. He noted that Mr. Azoury was a panelist in the Financial session. Mr. Fox commented further that the Effective Utility Management, Leadership and Communication sessions at the WEFTEC conference were all very good.

Director Carter presented his report about the WEFTEC conference, in particular the session regarding the importance of waste water treatment, including the technology for complete recycling of the waste water back into the system.

Director Emerson reported on the CSDA talking points draft with respect to the Governor's recent push for public pension reform, including a handout to the Board.

Director Smith reported that he, Mr. Salt and Mr. Mangus recently completed Ethics training provided at the Goleta Water District office. Director Smith reported on the Ad Hoc Committee meeting, explaining the committee was gathering data for further review.

8. PRESIDENT'S REPORT

President Majoewsky reported on the WEFTEC conference and the large number of exhibitors. Of specific interest were the magnetic pump drives that eliminate shaft vibration issues previously experienced by the District. In addition, he commented on the displays of various sensors that were also of interest and how these improved technologies could help the processes at the District.

9. CORRESPONDENCE

The Board reviewed correspondence to and from the District in the agenda and made a part hereof as Exhibit "A".

10. CLAIMS

Director Fox made a motion, seconded by Director Emerson to ratify and approve the claims for the period 10/04/11 to 10/20/2011 as follows:

Plant Facilities Upgrade Fund #4670	\$	1,067,461.62
Depreciation Replacement Reserve Fund #4655	\$	6,322.90
Running Expense Fund #4640	\$	361,186.16

(11/10/969)

AYES: Majoewsky, Emerson, Smith, Fox, Carter

NOES: None

ABSENT: None

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:33 p.m.

Steven T. Majoewsky
Governing Board President

Kamil S. Azoury
Governing Board Secretary

George W. Emerson

Jerry D. Smith

John R. Fox

John S. Carter

