

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

April 7, 2008

BOARD MEMBERS PRESENT: Elbert W. Trantow, John R. Fox, John S. Carter, Steven T. Majoewsky, George W. Emerson

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Kamil Azoury, General Manager; Jeff Salt, Operations Manager; Kathy Johnson, Office Manager; Richard Battles, Legal Counsel from Howell Moore & Gough LLP

PUBLIC PRESENT: Bert Bertrando of Goleta Water District, Larry Meyer of Goleta West Sanitary District, Terry Bartlett of Reetz, Fox & Bartlett LLP, Bob Braitman of LAFCO, Jonathan Leech of Dudek, Gary McFarland for St. Anthanasius Orthodox Church.

CALL TO ORDER: President Trantow called the meeting to order at 7:30 p.m.

APPROVAL OF MINUTES: Director Fox made a motion, seconded by Director Carter to approve the minutes of the regular meeting of March 17, 2008.

(08/04/534)

AYES: Trantow, Fox, Carter, Majoewsky, Emerson
NOES: None
ABSENT: None

POSTING OF AGENDA: The agenda notice for this meeting was posted at the Goleta Sanitary District and the Goleta branch of the Santa Barbara County Library for 72 hours in advance of the meeting.

PUBLIC COMMENTS:
Mr. Bertrando advised the Board that the Gaviota Coast Conservancy has filed a lawsuit against the Goleta Water District for what the environmental group said was GWD's failure to comply with the California Environmental Quality Act before moving to annex 26 parcels of land on the Gaviota coast.

BUSINESS:

1. ANNEXATION OF ST. ANTHANASIOUS ORTHODOX CHURCH PARCEL (APN 071-140-172); DISCUSSION OF OUT OF AGENCY SERVICE PROPOSAL AND ALTERNATIVES FOR SERVICE

Mr. Azoury gave a brief report on LAFCO's request for an out of agency service agreement for the St. Anthanasious Orthodox Church parcel of land. He advised the Board that at the request of the property owner, Goleta Sanitary District adopted Resolution No. 07-467 to initiate the annexation of the parcel to the District in November 2007. Mr. Braitman addressed the Board and the public present regarding the 22.11 acres in question. He advised them that he respects the District's normal procedure of not being involved in land use issues but used an example of an out of agency service agreement entered into by Carpinteria Sanitary District. He would like the District to consider serving the church property on the northern 4.6 acres of the subject parcel by an out of agency service agreement instead of annexing the entire 22 acre parcel. Mr. Leech advised the Board of the Conditional Use Permit that allows for the development of a church complex on only 4.6 acres of the parcel, leaving the remaining 17.5 acres to be maintained for agricultural production. Mr. McFarland advised the Board that if the zoning is changed and the agricultural easement is terminated the total parcel could feasibly be developed. Ms. Bartlett advised the Board of the Religious Land Utilization and Institutionalized Persons Act (RLUIPA). RLUIPA prohibits state and local governments from imposing a substantial burden on religious exercise through zoning regulations. She advised the Board that considering out of agency service for the St. Anthanasious Church parcel would be treating the religious organization differently than other clients or customers. Mr. Braitman advised the Board that he was against the annexation of all 22 acres of the church parcel. He said that the church could sell the acreage that is currently agricultural in order to pay for the construction of the church complex. Once the parcel is annexed to the District, the future owners would be part of the District and would be able to develop the property if the zoning is changed. Director Majoewsky advised the Board that since the annexation was already approved he considered the decision of the Board final. Directors Carter and Fox agreed. Mr. Battles advised the Board that since the parcel in question is in the Goleta Sanitary District sphere of influence, he was not sure if the parcel fits the criteria necessary for an out of agency service agreement because no future change of organization is anticipated. In addition, there is no threat to the health and safety of the public. President Trantow gave a brief history of the ranchers and property splits which had been done in the past. He questioned why 4 acres could not be split from the parcel and annexed. Mr. Leech advised the Board of the 10 acre minimum in order to do a lot split and that the church was not willing to forfeit 10 acres of the agricultural property to development. After further discussion Director Majoewsky made a motion, seconded by Director Emerson to re-affirm the previous Resolution No. 07-467, Initiating Proceedings for Annexation of Territory, Annexation No. 360 (St. Athanasious Orthodox Church).

(08/04/535)

AYES: Trantow, Fox, Carter, Majoewsky, Emerson
NOES: None

ABSENT: None

2. DISCUSSION AND ACTION TO RETURN \$1.5 MILLION TO THE DEPRECIATION RESERVE FUND PREVIOUSLY TRANSFERRED TO THE WASTE WATER TREATMENT PLANT UPGRADING FUND

Mr. Azoury advised the Board of the capital improvement projects authorized for implementation in fiscal year 2007-08. He further reported that the Depreciation Reserve Fund used to finance these projects will be depleted in 2008 if the projected projects are completed as planned. This depletion is a result of the Board's decision last year to transfer \$1,500,000 from the fund to finance the plant upgrading project. Mr. Azoury advised the Board that the Finance Committee met and discussed the status of the Depreciation Reserve Fund balance and recommends transferring back to this fund the \$1,500,000 that was transferred out of the fund last year. After further discussion Director Emerson made a motion, seconded by Director Carter to return \$1,500,000 to the Depreciation Reserve Fund previously transferred to the Waste Water Treatment Plant Upgrading Fund.

(08/04/536)

AYES: Trantow, Fox, Carter, Majoewsky, Emerson

NOES: None

ABSENT: None

3. DISCUSSION AND ACTION TO DIRECT STAFF TO PROCEED WITH THE PROCESS OF ADJUSTING THE SEWER SERVICE RATE CHARGES TO COVER OPERATIONS AND MAINTENANCE INFLATIONARY COSTS AND THE WASTE WATER TREATMENT PLANT UPGRADING PROJECT

Mr. Azoury advised the Board of the analysis they have been provided over the past two years of the financing methods that the District could adopt for financing the treatment plant upgrading project, including adjusting the sewer service rates to cover operations and maintenance inflationary costs and the plant upgrading project. He further advised the Board that the Finance Committee discussed the options available and has not concluded with a recommendation to the Board. Although the Finance Committee members agreed on the concept of adjusting the sewer service rates, they differed on the amount and timing of adjustments of the sewer service charges for fiscal year 2008-09 and subsequent years. President Trantow expressed his position of increasing the sewer service rates by \$2 per ERU for fiscal year 2008-09 to cover operations and maintenance inflationary costs and an incremental amount each year starting with \$4 per ERU in fiscal year 2009-2010. In the interim he expressed an interest in researching possible loans that CSDA's financial corporation may provide. Mr. Azoury advised the Board that District Staff recommends increasing the rate structure by \$9 per ERU per month in FY 2008-09. After further discussion, Director Emerson made a motion, seconded by Director Carter to increase the sewer service rate structure by \$9 per ERU per month in fiscal year 2008-09 and to explore outside financing proposals to be presented at a future Governing Board meeting.

(08/04/537)

AYES: Fox, Carter, Majoewsky, Emerson
NOES: Trantow
ABSENT: None

4. DISCUSSION OF PRESIDENT TRANTOW'S MEMO TO THE BOARD DATED APRIL 3, 2008, REGARDING THE FACILITIES PLANNING STUDY FINAL DRAFT

President Trantow advised the Board that he would like to see more details on individual costs for certain items included in the Plant Facilities Planning Study Final Draft. After further discussion the Governing Board members agreed to have an Engineering Committee meeting at noon on April 9, 2008.

5. GENERAL MANAGER'S REPORT

Messrs. Azoury and Salt reviewed the General Manager's Report.

6. LEGAL COUNSEL'S REPORT

Mr. Battles advised the Board of an article regarding a report issued from the San Mateo County office of the Local Agency Formation Commission. In that report, outside consultants hired by LAFCO identified ways in which Montara Water and Sanitary District could consolidate with other special districts, particularly the Sewer Authority Mid-Coastside and Coastside County Water District. He also advised the Board that due to residents' complaints of odor and possible health risks, the Victor Valley Wastewater Reclamation Authority has agreed to temporarily stop using treated sewage for fertilizer while San Bernardino County is considering expanding regulations on its use. Mr. Battles reported briefly on the Upper San Gabriel Valley Municipal Water District travel expense controversy regarding expenditures by certain district officials. Mr. Battles reported that while the Upper San Gabriel Valley Municipal Water District's expenses for meetings and travel seemed excessive, AB1234 does not place a specific cap on travel expenses.

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

Director Emerson advised the Board of an article on "when local government is not government." He further advised the Board that a rebuttal to the article from CSDA is forthcoming.

Director Fox reported on the State of the City of Santa Barbara breakfast he attended.

Director Carter reported on a Chesapeake Bay article he read regarding nutrients entering the watershed.

8. PRESIDENT'S REPORT

President Trantow advised the Board of the Goleta West Sanitary District Board meeting he attended and the rate study they were having prepared.

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 Majoewsky made a motion, seconded by Director Emerson, to approve the claims as follows:

Plant Facilities Upgrade Fund #4670	3,979.10
Depreciation Replacement Reserve Fund #4655	22,554.49
Running Expense Fund #4640	252,583.94

(08/04/538)

AYES: Trantow, Fox, Carter, Majoewsky, Emerson
NOES: None
ABSENT: None

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:23 p.m.

Elbert W. Trantow
Governing Board President

Kamil S. Azoury
Governing Board Secretary

John R. Fox

John S. Carter

Steven T. Majoewsky

George W. Emerson