



OJAI VALLEY SANITARY DISTRICT

A Public Agency

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MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS OJAI VALLEY SANITARY DISTRICT

The Regular Meeting of the Ojai Valley Sanitary District Board of Directors was held at the District Office, 1072 Tico Road on September 24, 2007. The meeting was called to order by Chairman Curtis at 7:00 p.m., and roll call taken as follows:

- DIRECTORS PRESENT:** Russ Baggerly
Randy Burg
John R. Curtis
William E. Lotts
Stan Greene (arrived 7:06 p.m.)
William M. Stone (arrived 7:21 p.m.)
- DIRECTORS ABSENT:** Peter M. Kaiser
- STAFF PRESENT:** John K. Correa, General Manager
Brenda Krout, Clerk of the Board
- OTHERS PRESENT:** Mark Zirbel, District Legal Counsel

3. **Pledge of Allegiance**

Chairman Curtis led the pledge of allegiance.

4. **Additions or amendments to the Agenda**

None

5. **Public Concerns** (items not on the agenda - three minute limit). This is an opportunity for members of the public to speak on items not on the agenda. (The Ojai Valley Sanitary District Board of Directors encourages all interested parties to speak on any issue on this agenda in which they have an interest, or on any matter subject to the District's jurisdiction. It is the desire of the Board that its business be conducted in an orderly and efficient manner. All speakers are requested to fill out a Speaker's Card and submit it to the Clerk of the Board before the item is taken up for consideration. All speakers are requested to present their information to the Board as concisely as possible with a three (3) minute time limit. Allowing an individual to speak more than three minutes is at the discretion of the Chairman of the Board. Speakers are encouraged to refrain from restating previous testimony. No response will be given or action taken unless an emergency exists. Items requiring action will be referred to staff or placed on a subsequent agenda.)

None

6. **Board Concerns** (Items not on the agenda - three-minute limit)

None

PUBLIC HEARINGS:

7. **Ojai Valley Sanitary District Proposed Ordinance No. OVSD-55 Amendment to Ordinance No. OVSD-2 Service Charge Rules and Regulations**

Chairman Curtis asked Mrs. Krout to conduct the second reading, by title only, of Ordinance No. OVSD-55, Amendment to Ordinance No. OVSD-2 Service Charge Rules and Regulations. Mrs. Krout conducted the second reading.

Chairman Curtis opened the public hearing for proposed Ordinance No. OVSD-55, at 7:03 p.m., written report from staff was received. Mrs. Krout, Clerk of the Board, confirmed that no written communications had been received from the public. There were no public comments received.

Chairman Curtis declared the public hearing closed at 7:04 p.m.

ACTION

Upon motion of Director Lotts, seconded by Director Baggerly and passed by unanimous roll call vote Ordinance No.-55 Ordinance No. OVSD-55 was adopted to be effective October 2, 2007.

CONSENT ITEMS: - All consent items are considered in a single motion and voted on without discussion. Any item removed from the consent list at the request of a Board member or the public will be considered immediately following approval of the remaining consent items.

ACTION

Upon motion of Director Lotts, seconded by Director Burg and passed by unanimous roll call vote Item Nos. 8-10 on the consent calendar were approved as submitted.

8. **Approval of Minutes** - Regular Meeting August 27, 2007 and Special Meeting September 17, 2007 (a tape recording of each meeting is retained at the District Office for a minimum of 4 years)

9. **727 Villanova Annexation (OVSD-2007-04) – Resolution No. 2007-10**

- a. Find the 727 Villanova Annexation (OVSD 2007-04) to be Categorically Exempt in accordance with CEQA Section 15319 (b);
- b. Direct Staff to file a Notice of Exemption in accordance with CEQA Section 15062; and
- c. Adopt Resolution No.2007-10 initiating proceedings for the 727 Villanova Annexation (OVSD 2007-04).

10. **Approval of Checks**

Approve the checks and warrants for payment as submitted.

ACTION ITEMS:

11. **Fiscal Year 2006/2007 Annual Independent Financial Audit**

Mr. Poindexter addressed the Board presenting the completed Fiscal Year 2006-2007 audit to the Board. Mr. Poindexter reviewed various components of the audit, noting that based on his audit he was able to render an unqualified opinion on the District financial statements. Mr. Poindexter also noted that there were not significant adjustments that were required to be made during the auditing process.

Director Greene arrived at this point in the meeting, 7:06 p.m.

Mr. Poindexter explained that separate from the audit, but as a result of his review of the District's accounting functions, he is required to notify the Board of reportable conditions he observed; a management letter to the Board is the vehicle for this notification. This year's management letter pointed out a couple of issues concerning the procedure followed to ensure that all checks contain authorized signatures and the proper

number of signatures. The management letter also addressed the status of the internal control procedures identified last year as needing improvement and the ‘lack of segregation of duties’ noted in last year’s letter. Mr. Poindexter stated that segregation of duties is a common problem in most small agencies with limited staffing and noted that staff is nearing completion of the internal control procedures.

Shalene Hayman, outside accountant for the District, was in attendance and offered comments during portions of the discussion of the District’s financial statements.

Director Stone arrived at this point in the meeting, 7:21 p.m.

ACTION

Upon motion of Director Baggerly, seconded by Director Burg and passed by unanimous roll call vote the audit report was accepted as meeting the contract requirements and payment of any fees due for its preparation were authorized; staff was directed to distribution of copies of the report to the State Controller, County Auditor-Controller and other interested parties.

Mr. Poindexter and Ms. Hayman left the meeting at this time.

12. **Resolution 2007-11 Policies and Procedures For Providing Priority Service To Affordable Housing**

Mr. Correa explained that Senate Bill 1087, passed in 2005, requires Water and Sewer providers to adopt written policies and procedures that grant priority to proposed development that includes housing affordable to lower-income households.

PROPOSED MOTION

Director Baggerly make a motion to adopt Resolution 2007-11, Adopting Policies and Procedures For Providing Priority Service to Affordable Housing Projects, Director Burg seconded the motion.

The wording of the resolution was discussed. It was agreed that “Affordable Housing” should be changed to “housing affordable to lower-income households”.

AMENDED MOTION

Directors Baggerly and Burg agreed with amending their motion to include changing the words in the resolution from “Affordable Housing” to “housing affordable to lower-income households”. The amended motion was passed by unanimous roll call vote.

13. **Replacement of Air Conditioning Unit In Chemical Building – Motor Control Center**

The need to replace the air conditioning unit in the chemical building, motor control center at the Treatment Plant was discussed.

ACTION

Upon motion of Director Burg, seconded by Director Baggerly and passed by unanimous roll call vote staff was authorized to replace the Chemical Building Air Conditioning unit as proposed from Aire Care Heating and Air Conditioning for a total cost of \$7,433.00, including tax & installation; and Budget Adjustment No. 2008-05, transferring \$7,433.00 from Treatment Plant Replacement Reserve into Major Expenditures-Treatment Plant was adopted.

14. **Replacement of HVAC System In Crew Building**

The need to replace the HVAC system in the crew building at the Tico Road facilities was discussed.

ACTION

Upon motion of Director Baggerly, seconded by Director Stone and passed by unanimous roll call vote Aire Care Heating and Air Conditioning's proposal to replace the HVAC unit in the crew building in an amount not to exceed \$11,445 was accepted; and Budget Adjustment No. 2008-06 transferring funds from the Building Replacement Reserve into the Major Expenditure-Office account to cover the cost of this replacement was adopted.

15. **Meiners Oaks County Water District's Well Use Agreement**

Mr. Correa explained the District's use of the water from one of Meiners Oaks County Water District's abandoned water wells. The District uses the water in the line cleaning process. A formal agreement between the two agencies acknowledging this use was presented.

ACTION

Upon motion of Director Baggerly, seconded by Director Greene and duly passed the General Manager was authorized to sign the Meiners Oaks County Water District's Agreement for the Ojai Valley Sanitary District's use of the identified well.

16. **2007 Debt Issue – Collection System Capital Improvement Plan Projects**

Mr. Correa explained the process used to select a financing firm for the issuance of a debt to fund the rehabilitation projects identified in the Collection System Capital Improvement Plan. The Finance Committee was involved in the elimination and selection process, narrowing it down to two firms, Wells Fargo and Edward Jones. The final analysis resulted in Wells Fargo having the lowest overall loan cost.

Mr. Correa shared current proposals received on September 24, 2007, prior to this meeting, from both Wells Fargo and Edward Jones. At this point in time, both firms offered the same interest rate, 4.34 percent; however Wells Fargo remained the lowest on the fees and overall loan cost. Mr. Correa explained that these quotes are just for comparison purposes; they are not fixed interest rate quotes. The interest rate will be whatever is available on the day of the bond sell. However, the trend in the quotes received shows Wells Fargo to charge less in fees.

As a member of the Finance Committee, Director Greene, explained some of the Committee's discussions regarding the validity of watching the interest rates for a period of time to see if maybe the trend in the rates is going downward. However the new quotes received today indicate that the rates are going up and waiting would not be prudent.

ACTION

Upon motion of Director Burg, seconded by Director Greene and passed by majority roll call vote, with Director Lotts declaring a conflict and abstaining from the vote on this issue, Michael Engelbrecht, Wells Fargo was selected as the financial advisor for the District in obtaining the new debt issue to fund the CSCIP projects with net proceeds of \$7,000,000; and staff was directed to work with the financial advisor to proceed with the issuance of the debt in an expedient manner.

17. **Contract Nos. 2007-08 & 2007-09 – Reconstruction Design In Shady Lane At Ojai Avenue and Vallerio Road At Maricopa Highway**

Mr. Correa explained that these two design contracts are for two of the projects identified in the Collection System Capital Improvement Plan.

ACTION

Upon motion of Director Baggerly, seconded by Director Stone and passed by unanimous roll call vote the Chairman was authorized to sign Contract No. 2007-08, Design for Shady Lane at Ojai Avenue Sewer Reconstruction, and Contract No. 2007-09, Design for Vallerio at Maricopa Highway Sewer Reconstruction, Between the Crabtree Group, Inc. and the Ojai Valley Sanitary District; and Budget Adjustment No. 2007-07 to provide funding for these contracts was adopted.

18. **Day of Service At Request of Board – November 2007 CEQA Update Session**

CEQA update session scheduled for November 2007 at the Ventura County administration offices was discussed.

ACTION

Upon motion of Director Burg, seconded by Director Greene and duly passed attendance at the November 2007 Ventura County CEQA Update Session was designated as a day of service at the request of the Board for any Directors interested in attending.

INFORMATION ITEMS – FOR RECEIPT & FILE

19. **Pre-Treatment Program Update**

Received and filed.

20. **Fats, Oil & Grease (FOG) Collection And Energy Production**

Received and filed.

21. **California Water/Wastewater Agency Response Network Agreement – Equipment Rental Rate**

At a previous meeting the Board requested staff investigate how the equipment rental rates between agencies under this agreement are established. Mr. Correa reported that according to Ray Riordan, State Chairman of WARN, agencies would negotiate the rate with the agency they are getting the equipment from at the time the equipment is needed.

It was the consensus of the Board that negotiating a rental rate during emergency conditions was an inappropriate way to operate. The Board requested Mr. Correa discuss with WARN administration a more organized way of establishing these rates prior to an emergency.

22. **Monthly Investment Report**

Received and filed.

23. **Monthly Financial Reports**

Received and filed.

24. **Staff Reports - Operations, Administration and Management of the District**

Received and filed.

25. **Committee Reports**

Received and filed.

26. **Oral Reports On Meetings, Seminars, or Conferences Attended**

Director Baggerly distributed a written report on his recent attendance at the CAJPA Conference in his roll as a CSRMA Board Member. Director Baggerly included in his report a recap of one session he attended on what questions a Board should ask and expect from the agency's employee that handles the maintenance of and replacement schedule for all of the Information Technology (IT). Staff agreed to look into the questions raised by Director Baggerly regarding the District's current IT replacement schedule.

It was noted that the District's IT employee, Jan Steenberg, is scheduled to present at the October 24, 2007 Board meeting an overview of hardware and software utilized in the District's operations and discuss the established replacement schedule.

27. **Items of Interest/Correspondence/Articles**

Received and filed.

28. **Discussion** (items not on the agenda - three-minute limit)

- a. Public - (Public is requested to present completed speaker's card to Clerk of the Board)

None

- b. Board Members

None

- c. General Manager

Mr. Correa distributed copies of the Feasibility Study on the Reuse of Ojai Valley Sanitary District Effluent – Final Facilities Planning Report by the City of Ventura.

Director Baggerly noted that the list of consultants on the final study does not include the Stocker Associates as the draft study did. Director Baggerly explained that the Stocker Associates did not agree with the conclusion of the report; consequently, did not want their name on the final report.

Mr. Zirbel, District Legal Counsel, reported that Ventura Regional Sanitation District's (VRSD) proposed compost operation is on the Ventura County Board of Supervisors' agenda for the third time on September 25, 2007. It is anticipated that the Board of Supervisors will approve the operation as a phased project, allowing VRSD to build only a portion of the operation at this time.

29. **Adjournment**

Chairman Curtis adjourned the meeting at 8:45 p.m.

Russ Baggerly, Assistant Secretary

APPROVED:

John R. Curtis, Chairman