

**RESOLUTION NO. 22-809**

**A RESOLUTION OF THE GOLETA WEST SANITARY DISTRICT AUTHORIZING THE BOARD PRESIDENT TO EXECUTE AN AGREEMENT WITH GSD CONSENTING TO PHASE 1 OF THE BESP PROJECT (INCLUDING PAYING A PROPORTIONATE SHARE OF RELATED COSTS) AND ADOPTING RESPONSIBLE AGENCY FINDINGS PURSUANT TO CEQA FOR PHASE 1 OF THE BESP PROJECT**

**WHEREAS**, the Goleta West Sanitary District (the “District” or “GWSD”) is a sanitary district duly organized and validly existing under the laws of the State of California; and

**WHEREAS**, the District provides wastewater collection for residents and businesses in the Western Goleta Valley and Isla Vista area and such wastewater is pumped through the system to the Goleta Water Resource Recovery Facility (the “WRRF”) which is owned and operated by the Goleta Sanitary District (“GSD”); and

**WHEREAS**, on November 28, 1960, the District, GSD the Regents of the University of California (“UCSB”), the City of Santa Barbara (“City”), and the County of Santa Barbara (“County”) (collectively, the “Contract Parties”) entered into an Agreement for the Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities (“1960 Agreement”). The 1960 Agreement, among other things, provides for the shared use of, and allocates the costs of certain expansion and operation costs related to, the WRRF; and

**WHEREAS**, the 1960 Agreement requires GSD to obtain the consent of the District and UCSB before undertaking certain Plant improvements; and

**WHEREAS**, GSD staff and District staff have negotiated and prepared a draft amendment to the 1960 Agreement attached hereto as Exhibit A which, among other things, provides that (1) GWSD consents to the Phase 1 Project to be carried out by GSD, (2) GWSD agrees to pay 40.78% of project costs, not to exceed \$5,209,184.19, (3) GWSD does not commit itself to future phases of the project, (4) GSD shall act as lead agency for the purposes of complying with the California Environmental Quality Act and has already completed environmental review for Phase 1, and (5) GSD shall adopt a policy providing that GSD and GWSD’s general managers will meet quarterly to discuss any future projects and that GSD’s general manager will make a presentation on an annual basis addressing future projects and the state of the WRRF (collectively, the “Agreement”).

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER:**

**Section 1.** All of the recitals herein contained are true and correct and the Board so finds.

**Section 2.** The Board hereby authorizes the President of the Board, and such other members of the Board as the President may designate, the General Manager of the District, and such other officers of the District as the General Manager of the District may designate (each an “Authorized Officer”) to execute the Agreement in substantially the same form as attached hereto as Exhibit A, or with any revisions as the Board requests during the Board meeting held on the 8th day of August 2022.

**Section 3.** The Authorized Officers and staff of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents which in consultation with District counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Authorized Officers or staff members are hereby ratified and confirmed.

**Section 4.** The Board hereby makes the CEQA findings attached hereto as Exhibit B.


**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the Board of Directors of the Goleta West Sanitary District at a Board meeting thereof held on the 8th day of August 2022, by the following vote of the members thereof:

**AYES:** Bearman, Turenchalk, Geyer, Meyer, Lewis

**NOES:**


**ABSTENTIONS:**

**ABSENT:**

  
\_\_\_\_\_  
Brian McCarthy, Clerk-Secretary

(SEAL)

**APPROVED**

  
\_\_\_\_\_  
Larry Meyer, Board President

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**EXHIBIT A**

**AGREEMENT**

**AGREEMENT REGARDING THE UNDERTAKING OF  
PHASE 1 OF THE BIOSOLIDS AND ENERGY STRATEGIC  
PLAN PROJECT BY GOLETA SANITARY DISTRICT**

**THIS AGREEMENT** (“**Agreement**”), effective as of the date last signed below, which is August 11, 2022, is made and entered into by and between the **GOLETA SANITARY DISTRICT** (“**GSD**”) and the **GOLETA WEST SANITARY DISTRICT** (“**GWSD**”), both public agencies organized and existing under Part I of Division 6 of the California Health and Safety Code. GSD and GWSD may be referred to herein individually as a “**Party**” or collectively as the “**Parties**”.

**RECITALS**

A. On November 28, 1960, GSD, GWSD (formerly known as the Isla Vista Sanitary District), the Regents of the University of California (“**UCSB**”), the City of Santa Barbara, and the County of Santa Barbara (collectively, the “**Contract Parties**”) entered into that certain Agreement for Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities (as amended from time to time, the “**1960 Agreement**”). The 1960 Agreement, among other things, provides for the shared use of, and allocates the costs of certain expansion and operation costs related to, the Goleta Sanitary District Sewage Disposal Treatment Plant (the “**Plant**”) located at the site now known as 1 William Moffett Place, Goleta, California.

B. The 1960 Agreement was amended on July 1, 1964 by a document entitled “Amendment to Agreement for Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities” (the “**1964 Amendment**”), on September 9, 1970 by a document entitled “Second Amendment to Agreement for Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities” (the “**1970 Amendment**”), and on December 14, 2007 by a document entitled “Third Amendment to Agreement for Expansion of the Goleta Sanitary District Sewage Disposal Treatment Plant Facilities” (the “**2007 Amendment**”).

C. GSD is proposing to undertake certain improvements to the Plant, including installation of a new 500,000-gallon anaerobic digester to replace digester #1; installation of a combined heat and power system with a 160kW generator to convert biogas to electricity; a new biogas conditioning system and exhaust gas purification system; as well as site work, piping, utility, and control system improvements associated with the new equipment. Said work is referred to herein as “**Phase 1**” of GSD’s Biosolids and Energy Strategic Plan project, which project is referred to herein as the “**BESP Project**” or the “**Project**”. The Parties anticipate that subsequent improvements may be undertaken at the Plant pursuant to a future phase (“**Phase 2**”) of the Project, the terms and conditions of which may be agreed to at a later date. For clarity and the avoidance of doubt, this Agreement relates only to Phase I of the Project, and the Parties in no way intend for this Agreement to be a commitment to agree to or undertake Phase 2 of the Project. All references herein to the Project are to Phase 1 unless expressly stated otherwise.

D. The 1960 Agreement requires, among other things, that GSD obtain GWSD’s consent before undertaking certain improvements, as further described in the 1960 Agreement.

E. On February 2, 2022, GSD's engineering consultant Hazen and Sawyer provided a description of and preliminary construction cost estimate for the Project. A summary document describing the Project and providing the preliminary construction cost estimate is attached hereto as Exhibit A and incorporated herein.

F. On June 6, 2022, GSD's Governing Board approved Resolution No. 22-683, adopting a final Mitigated Negative Declaration for Phase 1 of the BESP Project.

G. GSD has previously invoiced GWSD for certain Soft Costs (as defined in Section 4d. of this Agreement) related to the Project, and GWSD has made payments on such invoices in the amounts set forth in Exhibit B, attached hereto and incorporated herein.

H. The purpose of this Agreement is for GWSD to consent to GSD's undertaking of the Project and to set forth the terms and conditions applicable to GSD's undertaking of the Project. GWSD expects that, to the extent required by the 1960 Agreement, GSD is obtaining the consent of the other Contract Parties and that GSD is otherwise complying with the terms of the 1960 Agreement, as applicable.

## AGREEMENT

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Incorporation of Recitals.** The Parties acknowledge and agree that the foregoing Recitals are true and correct and are incorporated herein by reference.

2. **Term.** This Agreement shall be effective upon the date of full execution, as the same is set forth in the preamble, and shall apply to and govern the Project in perpetuity, unless the Parties mutually agree in writing to amend or terminate this Agreement.

3. **Consent.** GWSD hereby consents to GSD's undertaking of the Project, as described in Exhibit A. GSD affirms that it shall make good faith and commercially reasonable efforts to do, or cause to be done, all things necessary, proper, or advisable to complete the Project as contemplated in this Agreement. Any Material Change (as defined in this Section) to the Project shall require GWSD's express written consent, which may be withheld in GWSD's reasonable discretion. The term "**Material Change**" means any change to the Project that results in a net cost increase of \$100,000 or more. Changes that do not rise to the level of a Material Change shall not require GWSD's prior written consent unless and until the cumulative total dollar value of all such changes exceeds \$500,000, in which case, prior to undertaking additional changes, GSD must obtain GWSD's express written consent, which may be withheld in GWSD's reasonable discretion. Notwithstanding the foregoing, GWSD's express written consent shall not be required for (i) Material Changes, or (ii) changes that do not rise to the level of a Material Change but have a cumulative total dollar value exceeding \$500,000, if, following the changes, the total estimated construction cost for the Project at the time remains below the total preliminary estimated construction cost of \$12,773,870 ("**Total Estimated Construction Costs**"), as set forth in Exhibit A.

**4. Allocation and Payment of Project Costs.**

a. GWSD shall be responsible for the costs of the Project in proportion to its capacity rights in the Plant. For ease of reference, the Contract Parties' current existing capacity rights in the Plant are set forth below.

GSD:	47.87%
GWSD:	40.78%
UCSB:	7.09%
City of Santa Barbara:	2.84%
County of Santa Barbara:	1.42%

b. As documented in Exhibit A, the Total Estimated Construction Costs are \$12,773,870. Accordingly, GWSD's 40.78% share of the Total Estimated Construction Costs is \$5,209,184.19. Any changes to the Project costs to be paid by GWSD shall require GWSD's express written consent, except as set forth in Section 3 of this Agreement. The Parties acknowledge and agree that, to the extent required by the 1960 Agreement, GSD shall independently secure the consent of other Contract Parties to GSD's undertaking of the Project. The Parties further acknowledge and agree that GSD's inability to obtain both the consent and required proportionate payment for construction of the Project from the other Contract Parties shall not for any reason result in an increase in GWSD's 40.78% share of either the Total Estimated Construction Costs or the Project's associated Soft Costs (as this term is defined in Section 4.d. of this Agreement).

c. GSD shall submit detailed invoices to GWSD no later than sixty (60) days after Project costs (including Soft Costs, as defined in Section 4.d. of this Agreement) have been incurred by GSD. Said invoices shall be supported by reasonable backup documentation, including without limitation invoices, receipts, progress payment requests from the contractor, and vouchers. GWSD shall make payment on all undisputed portions of such invoices within sixty (60) days of GWSD's receipt.

d. The Parties expressly acknowledge and agree that GWSD has already made payments for its proportionate share of certain Soft Costs (as hereafter defined) related to the Project, as is further set forth on Exhibit B. The term "Soft Costs" includes costs incurred by GSD and paid to third parties in connection with the Project which do not directly relate to construction activities (e.g., costs for planning, design, studies, engineering, environmental review, permitting, grant applications, etc.). GWSD agrees to pay its proportionate share, as set forth in Section 4.a. above, of the Project's additional Soft Costs up to a maximum of \$61,229.95. Any request for GWSD's payment of Soft Costs over this amount shall require GWSD's prior written consent, which may be withheld in GWSD's reasonable discretion. The Soft Costs paid by GWSD as contemplated in this Section 4.d. shall not count against the not-to-exceed amount of \$5,209,184.19 set forth in Section 4.b. above.

**5. Performance of the Work.**

a. GSD shall cause GSD's contractors to construct the Project in strict adherence to GSD's construction plans, which plans shall be submitted to GWSD upon finalization thereof. GSD shall cause the Project to be constructed in a good and workman like condition and in accordance with all applicable laws, ordinances, rules, and regulations.

b. GSD shall be solely responsible for advertising, bidding, negotiating, and supervising the Project. GSD shall abide by all federal, state, and local laws, ordinances, rules, and regulations applicable to the Project. GSD shall obtain and maintain all permits, licenses, and certificates necessary for the construction of the Project.

**6. Grants.** GWSD will work cooperatively with GSD in pursuing grants for the Project. GSD shall notify all Contract Parties in the writing of any and all grant and similar funding opportunities ("**Grants**") that it pursues for the Project, either upon approval by GSD's governing board ("**GSD Board**") or, where such approval is not required, upon application submittal. All grant applications that have been submitted prior to the effective date of this Agreement are listed in the attached Exhibit C. The outcome of all grant applications shall similarly be reported to the Contract Parties upon approval or rejection. All grant proceeds received by GSD in connection with the Project shall be (i) applied in full to reduce the total Project cost and the proportionate share thereof payable by the Contract Parties, and (ii) delineated on any invoices submitted to GWSD. Costs incurred by GSD in applying for grants for the Project that are included in the Project's Soft Costs pursuant to Section 4.d., above, shall be paid by the Contract Parties in proportion to their respective capacity rights in the Plant regardless of whether the grants are awarded.

**7. Audit.** GWSD shall have the right to audit GSD's documents, records, and other information that relate to the Project or the performance of this Agreement, and GSD shall promptly reply to any and all of GWSD's requests for such documentation, records, or other information.

**8. No Commitment to Other Phases of the Project; Environmental Review.**

a. GSD hereby affirms that Phase 1 and Phase 2 of the Project are distinct from, and independent of, one another and that the Phase 1 improvements can operate and function fully and independently of Phase 2. GWSD's consent to Phase 1 of the Project shall not commit or bind GWSD to consent to any part of Phase 2, and the Parties hereby expressly acknowledge and agree that none of the terms and conditions set forth herein are applicable to Phase 2. At this time, neither GSD nor GWSD has decided whether GSD should undertake Phase 2, and they each reserve their full authority to make such a decision, provided that neither Party shall make any such decision regarding Phase 2 unless and until there has been compliance with all applicable laws, including but not limited to the California Environmental Quality Act ("**CEQA**"), including analysis of a no project alternative and/or taking no further action, to the extent required by CEQA.

b. GWSD is aware that, as referenced in Section 4.d. of this Agreement, certain Soft Costs have been paid by GWSD prior to the effective date of this Agreement. As of the effective



date of this Agreement, any and all funds paid by GWSD pursuant to the 1960 Agreement or this Agreement (i) shall not be allocated towards the construction of Phase 2 of the Project or to any Future Projects (as defined in Section 9 of this Agreement) unless and until environmental review has been completed as required under CEQA, and (ii) shall not be construed as a commitment by GWSD to or approval of Phase 2 of the Project or any Future Project.

**9. Notification Policy.** In order to ensure that GWSD (i) remains informed regarding all projects that GSD desires to undertake in the future in connection with the operation, maintenance, repair, replacement, improvement, or expansion of the Plant (collectively, “**Future Projects**”), (ii) has sufficient time and information to determine whether it should agree to a proposed Future Project in cases where such agreement is required under the 1960 Agreement, (iii) has sufficient time and information to plan and budget for its share of the costs associated with any proposed Future Projects, and (iv) has sufficient time and information to comply with CEQA, as applicable, GSD’s Board will, within ninety (90) days after the effective date of this Agreement, adopt a formal policy (the “**Project Policy**”) providing, among other things, that:

- GSD’s General Manager will meet with GWSD’s General Manager on at least a quarterly basis to review and discuss proposed Future Projects, including the timing and expected cost thereof. After each such meeting, GSD’s General Manager will prepare a written report summarizing the meeting and deliver the report to GWSD’s General Manager for distribution to and review by GWSD’s governing board (“**GWSD Board**”). The contents of such reports and the timing for the delivery thereof will be specified in the Project Policy.
- GSD’s General Manager will make a presentation to the GSD Board on at least an annual basis addressing (i) the state of the Plant facilities, and (ii) proposed Future Projects, including the timing and expected cost thereof. The timing and procedure for notifying GWSD’s General Manager and the GWSD Board regarding the annual presentation and the arrangements for their attendance will be specified in the Project Policy.
- In undertaking Future Projects, (i) the Parties shall cooperate in regard to CEQA, and (ii) GSD shall comply with any and all consultation and approval procedures required pursuant to CEQA, and the 1960 Agreement, including, but not limited to, the requirement that a lead agency consult with responsible agencies throughout the CEQA process and solicit comments from responsible agencies regarding the choice and content of the environmental documents.

GSD shall give GWSD a reasonable opportunity to review and comment on the Project Policy prior to the adoption thereof by the GSD Governing Board.

**10. Environmental Review.** GSD shall be the lead agency for purposes of complying with CEQA as it applies to the Project and affirms that, prior to the effective date of this Agreement, it completed environmental review of Phase 1 of the Project in compliance with all laws and regulations, including but not limited to CEQA.

**11. Financing.** If either Party obtains financing to pay all or any portion of its share of the cost of the BESP Project, that Party shall be solely responsible and shall assume all liability

for (i) all costs and expenses incurred in connection with such financing, including but not limited to interest, finance charges, the repayment of principal, and attorney's fees, and (ii) the performance of all obligations and covenants applicable to such financing.

**12. Disputes.**

- a. Any disputes, difference, or question ("**Dispute**") with respect to this Agreement or the Project shall be reduced to a writing and delivered to the other Party's General Manager within sixty (60) days of the event leading to the dispute. The General Managers shall meet and confer within ten (10) days of receipt of written notice of a dispute and shall make a good faith effort to resolve the dispute. If the General Managers cannot come to a mutually acceptable resolution within forty-five (45) days, either Party may request that the dispute be submitted to mediation. In the event that the Parties cannot agree to a mediator, the Parties shall each select a mediator, and the selected mediators shall select a qualified neutral third party who shall then mediate the dispute as the sole mediator. All costs, fees, and expenses of the mediator(s) and the mediation shall be shared equally by the Parties.
- b. In the event that a Dispute remains unresolved after compliance with the process set forth in Section 12.a. of this Agreement, resolution of the Dispute shall follow the process outline in Section 21 of the 1960 Agreement.

**13. Liabilities.**

- a. The Parties acknowledge, agree, and confirm that (i) the Plant is a regional facility that has been constructed for the mutual benefit of the Contract Parties and their respective constituents, (ii) the Project is being undertaken for the mutual benefit of the Contract Parties and their respective constituents, and (iii) as such, subject to the indemnification provisions set forth in Sections 13.b and 13.c, below, the costs as well as the potential liabilities incurred by GSD in connection with the undertaking of the Project should be borne by the Contract Parties in proportion to their respective capacity rights in the Plant, as set forth in Section 4.a. hereof.
- b. To the fullest extent permitted by law, GSD shall defend and indemnify GWSD and GWSD's officers, directors, agents, servants, attorneys, employees, and contractors from and against any claim, dispute, litigation or other legal action arising from or related to GSD's alleged non-compliance with any federal, state, or local law, ordinance, rule or regulation, including but not limited to CEQA, purportedly applicable to GSD in connection with the undertaking of the Project by GSD ("**Project Claim**"). To the extent a Project Claim is decided by a final unappealable decision of an appropriate court of law with jurisdiction and the decision requires payment to the claimant (not including fines, penalties, and/or attorney's fees) or otherwise directly results in increased costs for the Project, the Contract Parties shall each pay such increased costs in proportion to their respective capacity rights in the Plant. If a Project Claim (for which indemnity is provided) is denied, the Contract Parties shall each share in the costs incurred by GSD in

defending the claim in proportion to their respective capacity rights in the Plant. If a Project Claim (for which indemnity is provided) is decided in favor of the claimant by a final unappealable decision of an appropriate court of law with jurisdiction, the other Contract Parties shall not be required to share in the costs incurred by GSD in defending the claim.

- c. To the fullest extent permitted by law, GWSD shall defend and indemnify GSD and GSD's officers, directors, agents, servants, attorneys, employees, and contractors from and against any claim, dispute, litigation or other legal action arising from or related to GWSD's alleged non-compliance with any federal, state, or local law, ordinance, rule or regulation, including but not limited to CEQA, purportedly applicable to GWSD in connection with the undertaking of the Project by GSD (also, a "Project Claim"). If a Project Claim (for which indemnity is provided) is denied, the Contract Parties shall each share in the costs incurred by GWSD in defending the claim in proportion to their respective capacity rights in the Plant. If a Project Claim (for which indemnity is provided) is decided in favor of the claimant by a final unappealable decision of an appropriate court of law with jurisdiction, the other Contract Parties shall not be required to share in the costs incurred by GWSD in defending the claim.
- d. If GSD or GWSD initiates litigation to establish a right to indemnification under this Agreement, the prevailing Party in such litigation shall be entitled to recover all costs and expenses of the litigation, including reasonable attorneys' fees.
- e. In order to limit the exposure of GWSD and the other Contract Parties to potential Liabilities arising in connection with the undertaking of the Project, GSD shall (i) require the contractor who is retained to construct the Project to name GWSD, the other Contract Parties, and their respective officers, directors, agents, servants, attorneys, employees, and contractors as additional insureds under all insurance policies provided to GSD by the contractor, and (ii) deliver certificates evidencing such policies to GWSD and the other Contract Parties.
- f. The respective obligations of the Parties under this Section 13 shall survive the expiration or termination of this Agreement.
- g. The Parties acknowledge, agree, and confirm that this Agreement is being entered into and that the provisions set forth in this Section 13 have been included and mutually agreed upon as a result of the unique circumstances relating to the CEQA and notification process followed by GSD in connection with the Project. As such, except as expressly set forth herein to the contrary, neither the entering into of this Agreement nor any of the terms or provisions set forth herein shall set a precedent for the process to be followed by the Parties or the respective rights and obligations of the Parties with respect to any Future Projects.

**14. No Personal Liability.** No director, officer, agent, consultant, or employee of either Party shall be individually or personally liable for the obligations set forth herein.

15. **Further Assurances.** GSD and GWSD each agree to take such actions and execute such documents as may be reasonably required to carry out the intent of this Agreement.

16. **Amendment.** No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by the Parties.

17. **No Third Party Beneficiaries.** Except as specifically set forth herein, this Agreement shall not be deemed to confer any rights upon any individual or entity which is not a Party hereto, and the Parties hereto expressly disclaim any such third-party benefit.

18. **Applicable Law.** This Agreement and all documents provided for herein shall be governed by and construed in accordance with the laws of the State of California. Any litigation arising from this Agreement shall be adjudicated in the courts of Santa Barbara County, State of California.

19. **Waiver.** GWSD's review or acceptance of, or payment for, any work associated with the Project shall not be construed to operate as a waiver of any rights GWSD may have under this Agreement or of any cause of action arising from GSD's actions under this Agreement. A waiver by either Party of any breach of any term, covenant, or condition contained in this Agreement will not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained in this Agreement, whether of the same or different character.

20. **Severability.** Should a court of competent jurisdiction decide any part, term, or provision of this Agreement conflicts with law or is otherwise unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected and, to that end, the Parties declare the parts, terms, and provisions of this Agreement to be severable.

21. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties.

22. **Integration.** This Agreement represents the full and entire agreement of the Parties with respect to the matters covered herein.

23. **Execution; Warranty.** The legislative bodies of the Parties have each authorized execution of this Agreement, as evidenced by the respective signatures attested below. The persons signing below warrant for the benefit of the Party for which they sign that they have actual authority to bind their respective principals to this Agreement.

24. **Counterparts.** This Agreement may be executed in any number of counterparts, electronic or otherwise, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

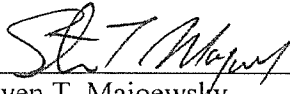
25. **Effect on 1960 Agreement.** To the extent not addressed by this Agreement, all of the terms and provisions of the 1960 Agreement, as amended by the 1964 Amendment, the 1970 Amendment, and the 2007 Amendment, shall continue in full force and effect.

*[Signatures are set forth on the following page.]*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date(s) set forth below.

**GOLETA SANITARY DISTRICT**

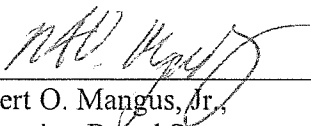
**GOLETA WEST SANITARY DISTRICT**

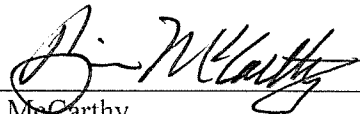
By:   
Steven T. Majoewsky,  
Governing Board President

By:   
Larry Meyer,  
Governing Board President

COUNTERSIGNED:

COUNTERSIGNED:

By:   
Robert O. Mangus, Jr.,  
Governing Board Secretary

By:   
Brian McCarthy,  
Governing Board Secretary

Dated: August 8, 2022

Dated: August 11, 2022

**ATTACHMENTS**

Exhibit A – Project Description, Preliminary Construction Cost Estimates, and Preliminary Schedule

Exhibit B – Amounts Already Paid by GWSD for Phase 1 Soft Costs

Exhibit C – Grant Applications Submitted Prior to Effective Date of this Agreement

## EXHIBIT A

### Project Description, Preliminary Construction Cost Estimates, and Preliminary Schedule

**Project Description:** Installation of new 500,000-gallon anaerobic digester to replace digester #1. Installation of combined heat and power system with 160kW generator to convert biogas to electricity. New biogas conditioning system and exhaust gas purification system. Site work, piping, utility, and control system improvements associated with new equipment.

#### Preliminary Construction Cost Estimate as January 24, 2022

Demolition	\$88,256
Digester No 4	\$5,228,744
Combined Heat and Power	\$918,718
Digester Gas Pretreatment	\$158,246
Digester Gas Blower	\$129,794
Power and Maintenance Building	\$71,213
Site Work	\$67,849
Yard Piping	\$510,421
Electrical and I&C	\$1,507,221
General Conditions 18%	\$1,538,635
<b>Subtotal:</b>	<b>\$10,219,096</b>

Contingency (10%)	\$1,021,910
Construction Management (15%)	\$1,532,864

**Total Preliminary Estimated Construction  
Cost: \$12,773,870**

**Preliminary Construction Schedule:** Summer 2023 to Fall 2024

**EXHIBIT B**

**Amounts Already Paid by GWSD for Phase 1 Soft Costs**

<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>BESP Phase 1 Third Party Soft Costs Spent to Date</b> These expenses are for preliminary design, environmental review, CEQA, final design, and permitting services	\$1,067,753
<b>Goleta West Sanitary District Share (40.78%)</b> Cost share of soft costs spent to date pursuant to 1960 Agreement	<b>\$435, 429</b>
<b>Estimated BESP Phase 1 Soft Cost Remaining</b> These costs are for completion of permitting tasks and preparation of final construction plans, specifications and contract documents	\$135,147
<b>Contingency on estimated remaining soft costs</b> Contingency estimate for unplanned soft costs and future grant application costs	\$15,000
<b>Total Estimated Remaining Soft Costs</b>	\$150,147
<b>Goleta West Sanitary District Cost Share (40.78%)</b> Cost share of remaining estimated soft costs pursuant to 1960 Agreement	<b>\$61,230</b>



**EXHIBIT C**

**Grant Applications Submitted Prior to Effective Date of this Agreement**

**Community Project Grant Funding Request FY23**

Amount: \$2,000,000

Description: Project funding for BESP Phase 1 requested through Congressman Salud Carbajal's office

Status: Request was not supported during current round of funding

**EXHIBIT B**

**CEQA FINDINGS**

**CEQA FINDINGS**

1. Find that the Goleta West Sanitary District Board of Directors has reviewed and considered the Mitigated Negative Declaration for the proposed project dated March 2022 and on file with the Office of Planning and Research State Clearinghouse SCH Number 2022040242 before taking any action on the project.
2. Adopt the findings concerning mitigation of significant environmental effects pursuant to CEQA Guidelines section 15091. (Attachment A)

**FINDINGS REGARDING SIGNIFICANT EFFECTS PURSUANT  
TO STATE CEQA GUIDELINES SECTIONS 15090, 15091 AND  
15096**

**BIOSOLIDS AND ENERGY STRATEGIC PLAN PHASE 1  
PROJECT**

**SCH No. 2022040242**

**August 8, 2022**

## **I. INTRODUCTION AND PROJECT DESCRIPTION**

The Biosolids and Energy Strategic Plan (“BESP”) Phase 1 Mitigated Negative Declaration (the “MND”) analyzes the potential environmental impacts of the proposed Biosolids and Energy Phase 1 Project (the “Project”).

Goleta Sanitary District (“GSD”) owns and operates the Goleta Water Resource Recovery Facility (“WRRF”) located at One William Moffett Place, near the Santa Barbara Municipal Airport in an unincorporated coastal area of Santa Barbara County, California. An assessment of the WRRF conducted in 2016 indicated that some of the unit processes at the WRRF are nearing the end of their service life and would need rehabilitation and replacement soon. The BESP was developed in August 2019 to evaluate biosolids unit processes in detail and summarize the recommended approach to upgrade existing facilities.

The proposed Project is an initial step in GSD’s long-term program for achieving energy neutrality by implementing technologies and strategies to utilize digester gas production and energy recovery. The BESP technology evaluation identified a combined heat and power (“CHP”) system with an internal combustion engine as the most desirable biogas utilization technology and addition of a new anaerobic digester as the most feasible option to achieve firm digestion capacity.

The primary components of the proposed Project consist of:

- One new digester with a capacity of 550,000 gallons, which will replace existing Digester 1. The new digester will include the installation of auxiliary equipment, including digester mixing apparatus, digester cover, and digester heating elements (heat exchanger, piping, etc.). This new digester is designed to allow sufficient capacity for the plant if any of the existing digesters, including the largest digester (i.e., Digester 3), goes out of service;
- A CHP system featuring one new 160-kilowatt (kW) generator set that will be fueled by digester gas. Waste heat from the CHP engine will be used to heat the digesters. Additionally, the two existing digester gas booster blowers will be replaced with two new blowers to match the CHP engine;
- A Biogas pretreatment system designed to reduce hydrogen sulfide (H<sub>2</sub>S), siloxanes, and moisture in the digester gas used to fuel the CHP engine.

GSD assumed the role as the lead agency for the environmental review of the proposed Project and prepared the MND analyzing its potential environmental impacts. On May 2, 2022, GSD held a public hearing on the draft MND. On June 6, 2022, GSD certified the MND and approved the Project. Finally, on June 17, 2022, GSD filed a notice of determination. A more detailed description of the Project is included in the MND.

Goleta West Sanitary District (“GWSD”) and GSD are parties to a 1960 agreement (“1960 Agreement”) under which any improvement to the WRRF requires the consent of GWSD. Additionally, per the 1960 Agreement, GWSD is responsible for a portion of the expenses for any WRRF improvement project. Accordingly, GWSD likely constitutes a responsible agency and therefore relies on the MND prepared and certified by GSD in taking these actions.

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## II. POTENTIALLY SIGNIFICANT IMPACTS THAT CAN BE MITIGATED BELOW A LEVEL OF SIGNIFICANCE (CEQA GUIDELINES § 15091(A)(1))

Pursuant to Section 21081(a) of the Public Resources Code and Sections 15091(a)(1) and 15096(h) of the State CEQA Guidelines, GWSD finds that, for each of the following potentially significant effects identified in the MND, changes or alterations have been required in, or incorporated into, the Project which mitigate or avoid the significant effects on the environment. The significant effects and mitigation measures are stated fully in the MND. These findings are explained below and are supported by substantial evidence in the record of proceedings.

### A. Air Quality

1) **Significant Effect: Impact AQ-III-B** – The Project may result in a cumulatively considerable net increase of criteria pollutants during construction for which the project region is non-attainment under an applicable federal or state ambient air quality standards.

**Finding:** Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

**Mitigation Measure:** MM-AIR-1 is proposed to mitigate the significance of AQ-III-B. MM-AIR-1 requires compliance with various measures during construction to mitigate fugitive dust emissions. Such measures include, but are not limited to, use of water trucks or sprinkler systems, limiting the speed of on-site vehicles to 15 mph or less, covering soil stockpiled for more than 2 days, installation of gravel pads at all access points, and treating disturbed land following clearing, grading, or excavation.

**Rationale:** MM-AIR-1 is proposed to mitigate the significance of AQ-III-B. MM-AIR-1 requires compliance with various measures during construction to mitigate fugitive dust emissions. The proposed measures would mitigate fugitive dust emissions during construction of the Project and thus would reduce any air quality impact resulting from construction to a less than significant level.

### B. Biological Resources

1) **Significant Effect: Impact BI-IV-A** – Twenty-eight species of native birds were detected on-site, including several with the potential to nest there. Nests, eggs, and nestlings of all native bird species are protected by the Migratory Bird Treaty Act and the California Fish and Game Code. Vegetation clearing and grading, if occurring during the nesting season (January 15th to September 15th), may have the potential to destroy nests, eggs, and nestlings, which could violate these regulations. Therefore, impacts to nesting birds from Project disturbances would be potentially significant without mitigation.

**Finding:** Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

**Mitigation Measures:** MM-BIO-1 is proposed to mitigate the significance of BI-IV-A. MM-BIO-1 requires compliance with various measures to mitigate potential impacts to nesting birds. Such measures include, but are not limited to, surveying of the site and monitoring of any potential nesting areas and, if nesting birds are detected, postponement of construction within 300 feet of active nests (500 feet if the bird is a raptor or species of special concern), worker environmental awareness training, daily biological monitoring construction activities, and use of flags and/or stakes to designate buffer areas.

**Rationale:** MM-BIO-1 is proposed to mitigate the significance of BI-IV-A. MM-BIO-1 requires compliance with various measures to mitigate potential impacts to nesting birds. Compliance with said measures would mitigate the likelihood of having an impact on nesting birds on and around the Project site and thus would reduce any biological impacts to nesting birds resulting from the Project to a less than significant level.

## C. Cultural Resources

1) **Significant Effect: Impacts CR-V-A, CR-V-B and CR-V-C** – Given the archeological significance of the Project site and the proposed ground disturbing activities involved with the Project, the Project may result in substantial adverse changes in the significance of a historical resource/archaeological resource pursuant to 14 CCR Section 15064.5 and has the potential to disturb human remains.

**Finding:** Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

**Mitigation Measures: MM-CUL-1, MM-CUL-2, MM-CUL-3, MM-CUL-4, and MM-CUL-5.** The mitigation measures identified in Section 3.5.3 of the MND have been created to minimize impacts to cultural resources to less than significant. Implementation of MM-CUL-1 would ensure data recovery in areas of high to moderate density and variability possessing data potential capable of providing information about the prehistoric and historic periods in this area; MM-CUL-2 would establish a program of treatment and mitigation in the case of an inadvertent discovery of cultural resources during ground-disturbing phases and would provide for the proper identification, evaluation, treatment, and protection of any cultural resources throughout the duration of the proposed Project; MM-CUL-3 would ensure the preparation and implementation of a Worker Environmental Awareness Program (WEAP); MM-CUL-4 would ensure that a qualified archaeologist is retained to monitor all initial ground disturbing activities and to respond to any inadvertent discoveries during Project construction; and MM-CUL-5

would ensure the proper treatment and protection of any inadvertent discovery of cultural resources, including human remains and burial artifacts, and that all construction work occurring within 50 feet of the find shall immediately stop until a qualified archaeologist, meeting the Secretary of the Interior's Professional Qualification Standards for Archaeology, can evaluate the significance of the find.

**Rationale:** Mitigation Measures M-CUL-1, MM-CUL-2, MM-CUL-3, MM-CUL-4, and MM-CUL-5 were proposed to mitigate the significance of CR-V-A, CR-V-B and CR-V-C. The measures set forth in these mitigation measures including data recovery, pre- and post-construction tasks, WEAP training, archaeological monitoring and compliance with established standards should the Project result in the inadvertent discovery of archaeological resources collectively help to mitigate the otherwise potentially significant impacts to cultural resources. Thus, potentially significant impacts to cultural resources would be reduced to less than significant levels with MM-CUL-1 through MM-CUL-5 incorporated.

#### **D. Geology and Soils**

1) **Significant Effect: Impact GEO-VII-F** – Given the proximity of past fossil discoveries in the surrounding area and the potential for significant invertebrate and vertebrate fossils below any artificial fill present within the proposed Project site, the site is highly sensitive for supporting paleontological resources. In the event that ground-disturbing activities associated with construction of the proposed Project has the potential to destroy a unique paleontological resource or site. Without mitigation, the potential damage to paleontological resources during construction would be a potentially significant impact.

**Finding:** Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

**Mitigation Measure: MM-GEO-1.** MM-GEO-1 was proposed to mitigate the significance of GEO-VII-F. The measures set forth in MM-GEO-1 includes, but is not limited to, hiring a qualified paleontologist to prepare a resources impact mitigation program, monitor various stages of the Project, and impose various buffers and conditions in the event that a paleontological resource is unearthed to ensure that the resource is recovered and documented.

**Rationale:** MM-GEO-1 was proposed to mitigate the significance of GEO-VII-F. Compliance with the monitoring, reporting and preservation measures set forth in MM-GEO-1 would mitigate the potential damage to any paleontological resource unearthed during the construction of the Project. Accordingly, potentially significant impacts to paleontological resources would be reduced to less than significant levels with MM-GEO-1 incorporated.



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**E. Tribal Cultural Resources**

1) **Significant Effect: Impact TCR-XVIII-A** – The Project site meets the criteria of historically or culturally significant pursuant to PRC Section 5024.1(g). Additionally, through tribal consultations and cultural resource investigations, tribal cultural resources have been identified within the proposed Project site. Accordingly, given the proposed ground disturbing activities involved with the Project, the Project may result in a substantial adverse change to the significance of a tribal cultural resource that is eligible for listing in the California Register of Historical Resources or in a local register for historical resources and determined by the lead agency to be significant pursuant to criteria set forth in PRC Section 5024.1(g).

**Finding:** Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

**Mitigation Measures: MM-TCR-1, MM-TCR-2, MM-TCR-3, MM-CUL-1, MM-CUL-2, MM-CUL-3, MM-CUL-4, and MM-CUL-5.** The mitigation measures identified in Section 3.5.3 and 3.5.5 of the MND have been created to minimize impacts to tribal cultural resources to less than significant. Implementation of MM-TCR-1 would ensure involvement of consulting tribe(s) in the WEAP training of all Project personnel to ensure awareness of the appropriate procedures and protocols they must follow in the event tribal cultural resources are inadvertently discovered; MM-TCR-2 would ensure that consulting tribe(s) are retained to monitor all initial ground disturbing activities and archaeological excavations; and MM-TCR-3 would ensure the proper treatment and protection of any inadvertent discovery of TCRs. Additionally, implementation of MM-CUL-1 would ensure data recovery in areas of high to moderate density and variability possessing data potential capable of providing information about the prehistoric and historic periods in this area; MM-CUL-2 would establish a program of treatment and mitigation in the case of an inadvertent discovery of cultural resources during ground-disturbing phases and would provide for the proper identification, evaluation, treatment, and protection of any cultural resources throughout the duration of the proposed Project; MM-CUL-3 would ensure the preparation and implementation of a Worker Environmental Awareness Program (WEAP); MM-CUL-4 would ensure that a qualified archaeologist is retained to monitor all initial ground disturbing activities and to respond to any inadvertent discoveries during Project construction; and MM-CUL-5 would ensure the proper treatment and protection of any inadvertent discovery of cultural resources, including human remains and burial artifacts, and that all construction work occurring within 50 feet of the find shall immediately stop until a qualified archaeologist, meeting the Secretary of the Interior's Professional Qualification Standards for Archaeology, can evaluate the significance of the find.

**Rationale:** Mitigation Measures MM-TCR-1, MM-TCR-2, MM-TCR-3, M-CUL-1, MM-CUL-2, MM-CUL-3, MM-CUL-4, and MM-CUL-5 were proposed to mitigate the significance of TCR-XVIII-A. The measures set forth in these mitigation measures

including involvement of consulting tribes in WEAP training and Project monitoring, proper treatment of inadvertently discovered TCRs, data recovery, pre- and post-construction tasks, WEAP training, archaeological monitoring and compliance with established standards should the Project result in the inadvertent discovery of archaeological resources collectively help to mitigate the otherwise potentially significant impacts to tribal cultural resources. Thus, potentially significant impacts to tribal cultural resources would be reduced to less than significant levels with MM-TCR-1 through MM-TCR-3 and MM-CUL-1 through MM-CUL-5 incorporated.

**F. Utilities/Service Systems**

**1) Significant Effect: Impact WAS-XIX-D and WAS-XIX-E** – The Project description estimates a disposal of about 3,150 tons of solid waste. The Santa Barbara County Environmental Thresholds and Guidelines Manual indicates that more than 350 tons of construction-related solid waste could be considered significant. Therefore, without mitigation, the proposed disposal of solid waste will be potentially significant. Furthermore, without mitigation, the proposed disposal of solid waste could violate State and local regulations that set forth the percentage of construction debris that may be diverted from landfills.

**Finding:** Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

**Mitigation Measures: MM-WAS-1** – Mitigation Measure MM-WAS-1 was proposed to mitigate the significance of WAS-XIX-D and WAS-XIX-E. MM-WAS-1 will ensure that the construction contractor does not dispose of greater than 350 tons of solid waste in any California landfill. This measure will be achieved through recycling and repurposing to the extent practicable and enforced by GSD through a contract mechanism or other legally binding requirement.

**Rationale:** Mitigation Measure MM-WAS-1 was proposed to mitigate the significance of WAS-XIX-D and WAS-XIX-E. MM-WAS-1 ensures that the total solid waste sent to landfill complies with State and local regulations and falls below the local significance threshold. Accordingly, the potentially significant impact resulting from solid waste disposal will be reduced to a less than significant level with MM-WAS-1 incorporated.

**G. Finding Regarding All Other Mitigation Measures**

With the exception of those mitigation measures set forth in the MND and explained in these findings, GWSD finds that there are no feasible mitigation measures that would substantially lessen or avoid any significant effect that the Project would have on the environment.