

**MINUTES OF THE REGULAR MEETING
of the
BOARD OF DIRECTORS
of the
MONTECITO SANITARY DISTRICT**

January 11, 2016

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 1:15 p.m. on January 11, 2016 at 1042 Monte Cristo Lane, Montecito, California.

ATTENDANCE

Present: Directors Thomas Kern, Jeff Kerns, Judith M. Ishkanian, Warner B. Owens, and Bob Williams

Also Present: Diane M. Gabriel, MSD General Manager/District Engineer
Toni M. McDonald, MSD District Administrator
Alex Alonzo, MSD Operations Manager
James Hawkins, Heal the Ocean
Corey Radis, Heal the Ocean

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of December 14, 2015 were included in the agenda packet.

On MOTION by Director Williams and second by Director Ishkanian, the minutes were approved unanimously without abstention.

3. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Kerns and second by Director Kern, the Board approved unanimously without abstention the payroll and accounts payable expenses from December 14, 2015 through January 11, 2016:

Accounts Payable Expenses	\$ 99,893.92
Payroll and Related Expenses	<u>151,697.68</u>
Total Expenses	\$ 251,591.60

4. PUBLIC COMMENT

Mr. James Hawkins of Heal the Ocean introduced Corey Radis, a hydrogeologist and new staff member of Heal the Ocean.

5. OLD BUSINESS

A. MONTECITO WATER REUSE

Mr. Hawkins of Heal the Ocean reported on the November 11, 2015 Operations Committee of Montecito Water District he attended, along with General Manager Diane Gabriel. Mr. Hawkins felt the meeting to be productive. Although the MWD Operations Committee recommended a joint meeting with MSD and surrounding properties regarding the possibility of recycled water use, no actions from the MWD Board has been forthcoming. Mr. Hawkins is optimistic that the arrival of a new MWD General Manager will lead to further discussions on the topic of water reuse.

General Manager Gabriel noted there have been no results from the Montecito Association survey on water usage. The annual meeting of the Montecito Association will be Tuesday January 12th.

ACTION: None

B. BOARD POLICY MANUAL

Upon MOTION by Director Ishkanian and second by Director Williams, the Board approved unanimously without abstention the 2016 Board Policy Manual.

C. LOCAL AGENCY FORMATION COMMISSION (LAFCO); VOTE FOR SPECIAL DISTRICT MEMBERS

Director Ishkanian reported the LAFCO nomination deadline is January 15th, and the vote will be at the January 25th meeting in Buellton. Of the three current nominations, Director Ishkanian recommended incumbent Craig Geyer as member, and herself as alternate. Director Owens will attend the January 25th meeting and vote on behalf of the District.

ACTION: Director Owens

6. NEW BUSINESS

A. CHANGES IN 2016 ORGANIZATION

President Owens called for the election of the Board President. Director Warner Owens was nominated. On MOTION by Director Ishkanian and second by Director Kerns, the Board elected unanimously without abstention Director Owens as President.

President Owens then announced: “Pursuant to law, this is the time and place for the 2016 meeting to organize the members of the Governing Board.”

On MOTION by Director Ishkanian and second by Director Kern, the Board nominated and approved the current slate of officers to serve a second term, consisting of:

Judith Ishkanian as Vice President,
Director Kerns as Secretary,
Director Williams as Secretary Pro Tem,
Director Kern as Treasurer.

On MOTION by Director Kern, and second by Director Williams, the Board approved unanimously without abstention the appointment of Diane Gabriel as General Manager/District Engineer.

On MOTION by Director Ishkanian and second by Director Kern, the Board approved unanimously without abstention the appointment of Janet McGinnis as Legal Counsel.

On MOTION by Director Ishkanian and second by Director Kerns, the Board approved unanimously without abstention the appointment of Director Williams and Director Kern to the Finance Committee.

On MOTION by Director Williams and second by Director Ishkanian, the Board approved unanimously without abstention the appointment of Director Owens and Director Kerns to the Administrative and Operations (A&O) Committee.

On MOTION by Director Kerns and second by Director Williams, the Board approved unanimously without abstention the appointment of Director Owens and Director Ishkanian to the Personnel Committee.

On MOTION by Director Kern and second by Director Kerns, the Board approved unanimously without abstention the appointment of Director Williams and Director Ishkanian to the Public Information Committee.

On MOTION by Director Ishkanian and second by Director Williams, the Board approved unanimously without abstention that the Regular Meeting of the Governing Board of the Montecito Sanitary District will be the second and last Mondays of each month, beginning at 1:15 in the afternoon in the Montecito Sanitary District Board Room.

President Owens then announced: “The organization procedures are complete. An updated Statement of Facts shall be filed with the Secretary of State and the Santa Barbara County Clerk. The Board will now proceed with the regular meeting as set forth in today’s agenda.”

ACTION: Staff

B. FINANCE COMMITTEE - REPORT

The Finance Committee reported on its January 6th meeting. Director Kern provided a progress report on the Cost of Services study being prepared by Lynn Takaichi with Water Consultancy. The draft report presented by Mr. Takaichi at the Finance Committee meeting consisted of tables being used in the study. The current Cost of Services study follows the same methodology of the previous study dated 2009. The objectives of the study are: Net operating income of greater

than 20%, Total Net Income zero or positive, and maintenance of fund balances to fund future projects.

The Finance Committee believes a rate increase will be necessary to meet these objectives. The District will use a special approach to reach historical balance between residential and commercial accounts in the first year. This possible rate adjustment will be the first one in five years.

The Board then discussed the financial trending over the past five years, and the decrease in both net operating income and total net income. Although residential revenue has remained constant, commercial revenue has decreased due to water conservation and restrictions imposed by the Montecito Water District due to the drought. The first year of projected adjustments would result in no change in residential rates, but would adjust commercial rates upwards to where they need to be for equity with the current residential rates. In order to meet the objectives of the study, the following potential residential rates were discussed:

Current	FY15-16	\$1080/year
1 st Year	FY16-17	\$1080/year
2 nd Year	FY17-18	\$1390/year
3 rd Year	FY18-19	\$1700/year

The next Finance Committee meeting will be January 25th, where they will review a draft of the complete study in greater detail.

ACTION: Committee/Staff

C. PERSONNEL COMMITTEE REPORT

The Personnel Committee met with staff on January 6th, 2016 and discussed a disparity in the salary range table for Treatment Operators IV and V. The Committee recommends changing the salary range table immediately, as this will have no financial impact in the current fiscal year. The Board approved the change in the salary range table as recommended.

Director Ishkanian also reported that the Committee discussed changes that will need to be made to the employee handbook due to State and Federal legislation effective January 2016. A revised employee handbook will be prepared for review of the Personnel Committee to be approved by the Board for issuance in July 2016. In the meantime, employees will be notified in writing of all employment practice changes effective January 2016.

ACTION: Staff

D. INFORMATION ITEMS

- Director Ishkanian reported that the January 25th SBCCSDA meeting will be the election for LAFCO seats and SBCCSDA chapter officers. The February 22nd meeting will be at Glenn Annie and will include a presentation by Montecito Fire Chief Chip Hickman on “Gibraltar – The Fire That Wasn’t.” Director Ishkanian also reported that she had visited former MSD Director Dierdre Cannata in Pasadena, and will forward her address to current directors.
- The CASA conference in Palm Springs on January 20th - January 22nd will be attended by Directors Williams, Kerns, and Ishkanian.

E. AGREEMENTS SIGNED

None

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the agenda packet.

8. ITEMS FOR THE NEXT AGENDA

- January 25th Board of Directors meeting will cancelled
- January 25th Finance Committee meeting at 10:00 a.m.
- January 28th Public Information Committee meeting at 10:00 a.m.

9. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Williams and second by Director Kerns, the MOTION passed unanimously without abstention and the meeting adjourned at 3:08 p.m.



Warner Owens, President




Judith Ishkanian, Vice President



Jeff Kerns, Secretary



Tom Kern, Treasurer



Robert Williams, Secretary Pro Tem

