

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

April 13, 2015

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on April, 2015 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

Hillary Hauser – Heal the Ocean
Tom Evans – Montecito Water District staff
Gene Sinser – Montecito Fire District Director

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of March 9, 2015 were included in the agenda packet.

On MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention the minutes of March 9, 2015.

3. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Kern and second by Director Kerns, the Board approved unanimously without abstention these payroll and accounts payable expenses from March 10, 2015 through April 13, 2015:

Accounts Payable Expenses	\$ 158,940.66
Payroll and Related Expenses	<u>201,478.38</u>
Total Expenses	\$ 360,419.04

4. PUBLIC COMMENT

None

5. OLD BUSINESS

None

6. NEW BUSINESS

A. ADMINISTRATION AND OPERATIONS (A&O) COMMITTEE MEETING REPORT

General Manager Gabriel reported on the A&O Committee meetings of March 23rd and April 9th. Two requests from Montecito Water District (MWD) were discussed. A request dated April 8th from MWD asked the District to participate in a groundwater study with MWD and Heal the Ocean (HTO). HTO has contracted with Dudek for a Groundwater Basin Recharge Feasibility Study. The A&O Committee had directed General Manager Gabriel to draft a letter to MWD agreeing to fund one third of the study, for a total expenditure of \$3,267. This draft letter was given to the Board consideration. Director Kerns stated this is a “critical path” study for the Sanitary District.

Hillary Hauser spoke of HTO’s history of providing studies/research to government agencies, and that this ground water study could be used as part of a Proposition 1 grant application.

The Board agreed to send a letter to MWD agreeing to participate financially in the ground water study and stating that the District would be an active participant in all planning and review.

Another request from MWD dated March 27th asked the District to be co-applicant and share the cost with MWD of an application for a State Facilities Planning Grant. During its April 9th meeting, the A&O Committee decided to recommend sending a reply to the Water District stating that it would be best to wait until the results of the Groundwater Basin Recharge Feasibility Study are known and suggesting that the Water District specify the “cost-sharing” arrangement it has in mind and a range of cost for the study.

Upon MOTION by Director Williams and second by Director Kern to send the letter to Montecito Water District to reflect Montecito Sanitary District’s active participation in the Groundwater Basin Recharge Feasibility Study and to authorize the General Manager to issue a purchase order to Dudek in the amount of \$3,267, the MOTION passed unanimously without abstention.

ACTION: Staff

B. REUSING WATER PRESENTATION

General Manager Gabriel and Operations Manager Alonzo presented a power point presentation on reusing wastewater and described staff’s interest to make this presentation to the Montecito

Association's Water Committee. The presentation focused on education about the reuse of wastewater. Special terms "recycled water for irrigation," "indirect potable reuse," and "direct potable reuse" were defined and explained. A video of the recycled water fill station project in Dublin-San Ramon was included in the presentation.

Director Williams suggested using Survey Monkey to send questions to the Montecito Association membership in order to gauge public interest in a recycled water program.

The Board unanimously agreed that staff should give this presentation to the Montecito Association Water Committee on April 24th at 9 a.m.

ACTION: Staff

C. FINANCE COMMITTEE MEETING REPORT

Director Kern reported on the Finance Committee meeting of March 26th, including the discussion of the decrease in Commercial Sewer Service Charge revenues due to less water being used. The Committee decided it was time to engage an outside consultant to prepare a rate study, and directed District staff to acquire qualifications from three rate study providers.

Additionally, Director Kern reported on a recent change in IT service providers, the possible change in Operating Fund banks, and the recent TCS OPEB Actuarial Report.

ACTION: Staff

D. FISCAL YEAR 2014-15 CAPITAL IMPROVEMENT PROJECTS – CERTIFICATES OF PARTICIPATION (COPs) STATUS REPORT THROUGH MARCH 31, 2015

General Manager Gabriel reviewed the status of the remaining COP funds, which will be depleted with the completion of the 2015 Sewer Main Rehabilitation Project. Further Capital Improvement Projects will begin to be funded from the Capital Replacement Fund, which has a balance of \$5,140,000.

ACTION: None

E. OPERATIONS AND MAINTENANCE (O&M) BUDGET STATUS REPORT THROUGH MARCH 31, 2015

General Manager Gabriel and District Administrator McDonald reviewed and answered questions about the O&M Budget Status report for the third quarter of FY 2014-15. The District is on target to spend less than was budgeted for its FY2014-15 expenses.

ACTION: None

F. QUARTERLY INVESTMENT REPORT – MARCH 31, 2015

Director Kern discussed the change in investment accounts for the third quarter of Fiscal Year 2014-15.

ACTION: None

G. QUARTERLY INVESTMENT POLICY STATEMENT – MARCH 31, 2015

Director Kern summarized District Investment Policy 2013-883, which was adopted in October 2013, and read and signed the required Quarterly Certification Statement.

ACTION: None

H. 1284 EAST VALLEY ROAD CORRECTION OF A NOTICE OF VIOLATION

General Manager Gabriel reported on a Notice of Violation at 1280 and 1284 East Valley Road. These properties currently share one four inch lateral. The Notice of Violation was recorded and served on the property owners on January 15, 2015.

The owner of 1280 East Valley Road has agreed to pay for the necessary work on her property and will coordinate this work with 1284 East Valley Road using Low Cost Plumbing. The owners of 1284 East Valley Road have agreed that the District should proceed with the repairs of approximately \$8,000 and to assess the expense to their property via the property tax roll.

On MOTION by Director Williams and second by Director Ishkanian to issue a Purchase Order to Low Cost Plumbing in the amount of \$8,000 and to assess this expense to the 1284 East Valley property via the property tax roll, the MOTION passed unanimously without abstention.

ACTION: Staff

I. INFORMATION ITEMS

- Director Ishkanian reported on the March 23rd SBCSDA dinner meeting, and announced the April 27th meeting topic will be cloud seeding. She has arranged for Earl Hartling of Los Angeles County Sanitation District to speak to members at the August 24th SBCSDA meeting. She asked the Board if it would want Mr. Hartling to attend a special meeting of the MSD Board to present a workshop on recycled water opportunities. The Board agreed this workshop would be worthwhile, and asked Director Ishkanian and General Manager Gabriel to set it up.
- Directors were given copies of the approved LAFCO budget. Director Williams asked about the District's share of the budget. General Manager Gabriel explained that the District's share will be known in time for FY15/16 budget planning, and that its share in FY 14/15 was approximately \$4,800.
- Directors received copies of the pertinent portions of MSD Pooled Liability Insurance Policy regarding Directors' Errors and Omissions.
- Directors received copies of the A&O Minutes from its March 23rd meeting. These minutes document the Committee's determination that it would be premature to move forward to propose or discuss or adopt a new plan for the treatment plant site until such time as the Water District has determined financing for its proposed desalination facility and the feasibility of the seawater intake system needed for its proposed facility.

J. AGREEMENTS SIGNED

2549 Sycamore Canyon Road – Pump Variance Agreement
1419 East Mountain Drive – Sewer Service Agreement for Pool Cabana

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the agenda packet.

8. ITEMS FOR THE NEXT AGENDA

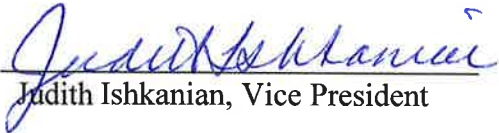
None

9. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Williams and second by Director Kern, the MOTION passed unanimously without abstention and the meeting adjourned at 4:27 p.m.



Warner B. Owens, President



Judith Ishkanian, Vice President



Jeff Kerns, Secretary



Thomas N. Kern, Treasurer



Robert Williams, Director