

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

**October 25, 2010**

**1. CALL TO ORDER**

The Governing Board of the MONTECITO SANITARY DISTRICT met in regular session on the 25<sup>th</sup> day of October 2010 at 1042 Monte Cristo Lane, Montecito, California, at 1:15 p.m.

**ATTENDANCE**

**Present:** Directors Charles C. Arnold, Deirdre M. Cannata, Judith M. Ishkanian, Jeff Kerns

**Absent** Edward P. McAniff

**Also Present:** Diane Gabriel, General Manager; Debbie Hughey, Office Manager  
Michael McCaleb, Associate Engineer; Mark Manion, Legal Counsel

**Item 6.F.** David Alatorre, SBS Construction

**2. APPROVAL OF MINUTES OF THE LAST MEETING**

The minutes from the prior Board meeting were included in the agenda packets for Board review. Upon MOTION by Director Cannata, and seconded by Director Arnold, the minutes of October 11, 2010 were approved as submitted.

**3. APPROVAL OF PAYROLL AND PAYABLES**

Upon MOTION by Director Kerns, and seconded by Director Cannata, the Board approved the PAYROLL AND ACCOUNTS PAYABLE EXPENSES for the District through October 25, 2010 as follows:

Accounts Payable (10/25/10)	\$29,596.37
Payroll (10/21/10)	\$33,365.06
Payroll Related (10/21/10)	\$22,568.14

**TOTAL**

**\$85,529.57**

4. **PUBLIC FORUM**

No member of the public was present to address the Board on non-agenda items.

5. **OLD BUSINESS**

No Old Business

6. **NEW BUSINESS**

A. **QUARTERLY BUDGET STATUS REPORT – THRU SEPTEMBER 30, 2010**

The Board reviewed the Budget Status Report for the first three months of Fiscal Year 2010-2011, ending September 30, 2010. The report showed that the total expenses budgeted was \$3,398,000 and the actual expenses to date have been \$819,334.92. Overall, 24.1% of the total Operations & Maintenance budget for this fiscal year has been spent. The District will be making a debt service payment of \$318,838.75 on December 10, 2010.

ACTION: None Required

B. **CERTIFICATES OF PARTICIPATION (COP'S) STATUS REPORT – THRU SEPTEMBER 30, 2010**

The Board reviewed a spreadsheet showing a recap of the total amount of COP funds that have been spent on the capital improvement projects deemed to be “mission critical” through September 30, 2010 was reviewed by the Board. The total amount of funds spent to date is \$4,808,418, leaving approximately \$5M to be spent on “mission critical” projects. Manager Gabriel pointed out to the Board that the report also showed existing encumbrances. The next status report presented to the Board for review will show adjustments made to the balances to reflect the current status for each project.

ACTION: None Required

C. **QUARTERLY CERTIFICATION INVESTMENT POLICY STATEMENT – SEPTEMBER 30, 2010**

The District is required to make quarterly statements certifying that:

1. The investments made on behalf of the District by LAIF and the Santa Barbara County Treasurer's office were made in accordance with the District's current Investment Policy;

2. A complete and timely record of all investment transactions is maintained in the District office from reports supplied by LAIF and the Santa Barbara County Treasurer's office, and
3. The Montecito Sanitary District is able to meet its pool's expenditure requirements for the next six months.

Secretary Arnold, acting on behalf of Treasurer McAniff, certified that the above statements were correct and the quarterly statement was signed immediately following the Board meeting.

ACTION: Director Arnold

**D. SBCSDA OUTSTANDING CONTRACTOR AWARD – TIERRA CONTRACTING**

The Board received a report from the General Manager stating that the District had nominated Tierra Contracting for the Santa Barbara County Special Districts Association's Outstanding Contractor Award for 2010. The General Manager was informed that Tierra was selected for this award and they will be honored at the Annual SBCSDA Banquet on Friday November 19, 2010. Several of the Directors expressed interest in attending the Annual Meeting to represent the District at this event.

ACTION: None Required

**E. PAYMENT OF PROPORTIONATE SHARE OF CONSTRUCTION COSTS AND CONNECTION FEES – REQUEST FROM PROPERTY OWNER – 623 ORCHARD AVENUE**

Manager Gabriel informed the Board that the District received a letter dated September 13, 2010 from the property owner of 623 Orchard Avenue. The Board was reminded that the District participated in the Orchard Avenue sewer main extension project which was completed in 2005. The owner of 623 Orchard did not participate in the sewer main extension project and signed the agreement to defer participation. The letter from the property owner requested that the District agree to receive monthly payments from the owner until her proportionate share of the project costs have been paid in full. Currently the amount owed the District for the proportionate share of the construction cost is \$15,700. The property owner also requested that the District allow her to make monthly installments towards paying off the connection fee, which is currently \$3,250 but will be \$7,300 starting in January 2011.

After discussion, a MOTION was made by Director Arnold, and seconded by Director Kerns, directing the General Manager to write a letter informing the property owner that connection to the sewer is currently not mandatory and financing services are not available from the District. The MOTION passed unanimously.

ACTION: Staff

**F. TESTING LABORATORY BUILDING – AWARD OF CONTRACT**

The General Manager reported that at their meeting on August 30, 2010 the Board authorized staff to advertise the Testing Laboratory Building for bids. The project was advertised in the Santa Barbara News-Press on September 5<sup>th</sup> and 12<sup>th</sup>. Bids were opened on October 19th. Three bids were received as follows:

SBS Corporation	\$752,886.75
Melchiori Construction Co.	\$759,150.00
Bottenfield Construction.	\$807,508.00

The apparent low bidder was SBS Corporation and their bid of \$752,886.75 was within the range of the engineer's construction cost estimate. District staff reported that they checked SBS Corporation's references and in the opinion of staff their bid is a responsive and responsible bid.

On October 20, 2010 the General Manager received a letter from Melchiori Construction formally protesting the bid documents of SBS Corporation. SBS Corporation responded to the Melchiori protest with a letter also dated October 20, 2010. Copies of these letters were enclosed in the agenda packet. The General Manager met with Mark Manion, Legal Counsel to the District on Friday October 22<sup>nd</sup> to review the specifics of the protest and the adequacy of the response. Mr. Manion was present at the Board meeting to answer any questions the Director's had regarding the contract. Mike McCaleb, Associate Engineer for the District, was also in attendance to answer any questions that the Directors had about SBS Corporation.

President Ishkanian welcomed Mr. Alatorre (representing SBS Corporation) who was given an opportunity to ask questions and make comments regarding the award of contract.

After discussion, a MOTION was made by Director Arnold, and seconded by Director Cannata, that the Board waive minor bid irregularities and award SBS the contract in the amount of \$752,886.75 and that the General Manager be authorized to issue change order funding, if necessary and at her discretion, in the amount not to exceed \$75,000. The MOTION passed unanimously.

ACTION: General Manager and Staff

**G. TESTING LABORATORY BUILDING – DESIGN RELATED CONSTRUCTION SERVICES – ARCHITECTS WEST**

The General Manager reported that the construction of the Testing Laboratory Building will require the services of the design team including the architect and the various engineering sub-consultants. Their services include attendance at regular meetings with the Contractor, review of submittals, responds to requests for information as well as regular site visits to confirm that the

work is progressing in accordance with their design. Their service also includes preparation of as-built drawings following completion. Staff has negotiated a time and materials not to exceed fee of \$39,850 with Architects West for these services.

A MOTION was made by Director Cannata, and seconded by Director Arnold, that a professional services contract with Architects West be executed in the amount not to exceed \$39,850. The MOTION passed unanimously.

ACTION: General Manager and Staff

H. **TESTING LABORATORY BUILDING – CONSTRUCTION MANAGEMENT AND INSPECTION – MICHAEL VIETTONE CIVIL ENGINEER**

The General Manager reported that the construction of the Testing Laboratory Building will require the services of a construction manager and inspector. Staff has negotiated a time and materials not to exceed fee of \$32,000 with Michael Viettone Civil Engineer for these services.

After discussion, a MOTION was made by Director Arnold, and seconded by Director Kerns, that the Board authorize the execution of a professional services contract with Michael Viettone Civil Engineer in the amount not to exceed \$32,000. The MOTION passed unanimously.

ACTION: General Manager and Staff

I. **OCEAN OUTFALL – ANNUAL INSPECTION**

Manager Gabriel reminded the Board that the District's ocean outfall must be inspected annually as a requirement of the District's discharge permit with the Regional Water Quality Control Board. This year's inspection was conducted by Harbor Offshore, Inc. They performed their underwater inspection on September 28, 2010. The General Manager reported no damage was found to the line. The diffuser section has good solid support and is in good condition. All 10 diffusers have good flow and show no evidence of disturbance. Behind the diffusers section the pipeline is covered with armor rock for approximately 500 feet. The pipeline is sound, and it does not appear that it's in need of any immediate action.

ACTION: None Required

J. **INFORMATIONAL ITEMS**

1. Holiday Party – Friday, December 17th
2. Montecito Beautification Day - Saturday, November 6th
3. Keven Thomson Retirement Luncheon - Thursday, November 11<sup>th</sup> (*later revised to November 17<sup>th</sup>*)

**AGREEMENT SIGNED BY BOARD OFFICERS**

1565 Las Tunas Road – Residential Sewer Service Agreement for Existing Auxiliary Structure –  
Living Quarters

**7. OPERATIONS AND MAINTENANCE**

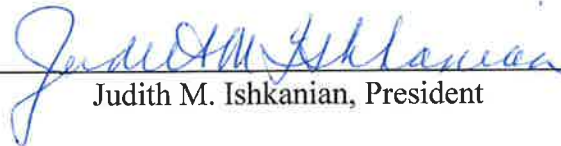
The Board reviewed the Operations and Maintenance information included in their agenda packets.

**8. ITEMS FOR THE NEXT AGENDA**

None

**9. ADJOURNMENT**

There being no further business to come before the Board, it was MOVED by Director Arnold, and seconded by Director Cannata, that the meeting be adjourned. The MOTION carried, and the meeting adjourned at 2:33 pm.

  
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Judith M. Ishkanian, President

  
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Jeff Kerns, Vice-President

**A B S E N T**

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Edward P. McAniff, Treasurer

  
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Charles C. Arnold, Secretary

  
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Deirdre M. Cannata, Director