

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

**February 26, 2018**

**1. CALL TO ORDER**

The Governing Board of the Montecito Sanitary District convened a regular meeting at 1:15 p.m. on February 26, 2018 at 1042 Monte Cristo Lane, Montecito, California.

**ATTENDANCE**

**Present:** Directors Bob Williams, Thomas Kern, and Judith Ishkanian

**Absent:** Directors Jeff Kerns and Warner Owens

**Also Present:** Diane M. Gabriel, MSD General Manager/District Engineer  
Toni M. McDonald, MSD District Administrator  
Alex Alonzo, MSD Operations Manager  
Carrie Poytress, MSD Engineering Manager  
Janet K. McGinnis, MSD Legal Counsel

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

The minutes of the January 29, 2018 meeting was included in the agenda packet. On MOTION by Director Williams and second by Director Kern, the Board approved unanimously the minutes of January 29, 2018.

**3. APPROVAL OF PAYABLES**

On MOTION by Director Kern and second by Director Williams, the Board approved unanimously these payroll and accounts payable expenses for January 30 to February 26, 2018:

Accounts Payable Expenses	\$ 208,156.11
Capital Improvement Projects	106,051.14
Payroll and Related Expenses	<u>177,771.83</u>
Total Expenses	\$ 491,979.08

**4. PUBLIC COMMENT**

None

**5. OLD BUSINESS**

**A. Montecito Water Reuse**

No updates were given on Montecito Water Reuse. After discussion, the Board unanimously agreed to remove this issue as a continuing agenda item until further notice.

**B. Status Report on Thomas Fire Mudslide Incident**

General Manager Gabriel presented specific information about emergency work performed after the mudslide incident. The Board reviewed maps of the District facilities, and discussed the ongoing work by District staff to prepare for future mudslide incidents.

**6. NEW BUSINESS**

**A. Declaration of end of Emergency Status for Montecito Sanitary District**

At its January 11<sup>th</sup> emergency meeting, the Board declared the Montecito Sanitary District to be in an Emergency Status. Staff reported that as of February 26<sup>th</sup>, all the identified emergency work to return facilities to permanent operational condition had been completed. Staff recommended that the Board declare an end of the District's emergency status.

With an end of the emergency status, any additional work that may be necessary to deal with the aftermath of the mudslide incident will comply with all District purchasing and contracting policies.

After discussion, on MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention to declare the end of Emergency Status for the District.

ACTION: Staff

**B. National Permit Discharge Elimination System (NPDES) Permit – Administration Extension**

In May 2017, staff submitted a Report of Waste Discharge (application) for the District's NPDES permit, which was deemed complete on June 9, 2017. General Manager Gabriel reviewed a February 7<sup>th</sup> letter confirming an extension from the Central Coast Regional Water Quality (RWQCB), which had been included in the Board packet as Exhibit A. RWQCB has administratively extended the expiration date for the District's NPDES permit until such time as the Water Board reissues the District's permit.

ACTION: None

**C. Finance Committee - Report**

Director Kern reported on the Finance Committee's February 15<sup>th</sup> meeting. The Committee reviewed a new five year projection of revenue and expenses which reflected decreases in sewer service charge revenue because of the closure of some commercial properties and the destruction of hundreds of private residences.

The Committee agreed to recommend that the Board include a budget item in Fiscal Year 2019-20 for a sewer service charge rate study and, if the resulting rate study deems it necessary, prepare the Proposition 218 noticing and hearing for a proposed rate increase to go into effect July 1, 2020. The Committee reviewed also the Continuing Disclosure Annual Report for Fiscal Year ending June 30, 2017, and agreed to recommend that the Board approve the Report at its February 26<sup>th</sup> meeting.

ACTION: None

**D. Continuing Disclosure Annual Report Fiscal Year 2016-17**

The Continuing Disclosure Annual Report for Fiscal Year Ending June 30, 2017 was included in the Board packet as Exhibit B.

District Administrator McDonald explained that this report is a required component of the District's 2017 Sewer Refunding Revenue Bonds obligation and that it summarizes Fiscal Year 2016-17 financial information and operating data. If approved, the report will be filed with the audited financial statements for Fiscal Year 2016-17 through the Electronic Municipal Market Access (EMMA) in compliance with SEC Rule 15c2-12 under the Securities Exchange Act of 1934.

On the recommendation of the Finance Committee, on MOTION by Director Kern and second by Director Williams, the Board approved unanimously without abstention the Continuing Disclosure Annual Report as presented and directed staff to file the report with EMMA.

ACTION: Staff

**E. Personnel Committee - Report**

Director Ishkanian reported on the Personnel Committee's February 16th meeting. The Committee reviewed the proposed 2018 Employee Handbook, which will clarify current policies and revise certain employee benefits for hires after December 31, 2017. Proposed revisions to benefits include decreases in vacation accrual, decreases in employer contributions to health care insurance premiums, elimination of sick leave payout, and elimination of employer contributions towards the employee's portion of CalPERS retirement. The Committee agreed to recommend that the Board approve the 2018 Employee Handbook.

ACTION: None

**F. 2018 Employee Handbook**

Staff distributed a summary of the proposed changes stated in the 2018 Employee Handbook. After discussion and on the recommendation of the Personnel Committee, on MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention the 2018 Employee Handbook and directed staff to distribute the 2018 Employee Handbook to all staff.

ACTION: Staff

**G. Santa Barbara Local Agency Formation Commission (LAFCO) Voting Authorization**

In response to the LAFCO notice included in the agenda packet as Exhibit C, the Board discussed which director should attend the March 26th Santa Barbara County California Special District Association (SBCCSDA) Selection Committee meeting and vote on behalf of the Board and which director should be the alternate Board representative.

On MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention the appointment of Director Owens as the District's representative and Director Kerns as the alternate for the March 26<sup>th</sup> SBCCSDA meeting.

ACTION: Director Owens

**H. Closed Session Conference with Legal Counsel**

The Board met in closed session to discuss the District's exposure to litigation, because a District sewer main and manholes were installed outside the recorded easement on 1356 East Valley Road, pursuant to paragraph (2) of subdivision (d) of section 54956.9 of the California Government Code.

On returning to open session, Janet McGinnis, District Legal Counsel, reported that on MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention to authorize her to negotiate a settlement with the property owners.

ACTION: Legal Counsel

**I. Information Items**

- Director Ishkanian reported that SBCCSDA meetings would held February 26, 2018 and March 26, 2018.
- Staff distributed information from Supervisor Das Williams's office titled, "Rebuilding Montecito Stakeholder Process Overview."

**J. Agreements Signed**

None

**7. ENGINEERING, OPERATIONS AND MAINTENANCE**

The Board reviewed the information in the agenda packet.


**8. ITEMS FOR NEXT AGENDA**

The regularly scheduled March meetings will be on March 12 and 26, 2018.

9. **ADJOURNMENT**

There being no other business, on MOTION to adjourn by Director Kern and second by Director Williams, the MOTION passed unanimously without abstention and the meeting adjourned at 3:35 p.m.

  
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Judith Ishkanian, President

  
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Robert Williams Jr., Vice President

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ABSENT  
Jeffrey Kerns, Secretary

  
\_\_\_\_\_  
Thomas N. Kern, Treasurer

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ABSENT  
Warner Owens, Secretary Pro Tem

