

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

July 30, 2018

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 1:15 p.m. on July 30, 2018 at 1042 Monte Cristo Lane, Montecito, California.

ATTENDANCE

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

Absent: None

Also Present: Diane M. Gabriel, MSD General Manager/District Engineer
Toni M. McDonald, MSD District Administrator
Daniel Jacquez, MSD Chief Plant Operator
Hillary Hauser, Heal the Ocean
Ken Coates, Resident
Woody Barrett, Resident

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of the July 9, 2018 meeting were included in the agenda packet.

On MOTION by Director Williams and second by Director Owens, the Board approved unanimously the minutes of July 9, 2018 as presented.

3. APPROVAL OF PAYABLES

On MOTION by Director Kern and second by Director Kerns, the Board approved unanimously these payroll and accounts payable expenses for July 9 to July 30, 2018:

Accounts Payable Expenses	\$ 194,039.94
Capital Improvement Projects	26,941.48
Payroll and Related Expenses	<u>85,100.29</u>
Total Expenses	\$ 306,081.71

4. PUBLIC COMMENT

Ken Coates asked why recycled water was taken off the agenda as a recurring item, and stated the District should continue to discuss this topic at each meeting. Board members explained the recurring item was removed following the Thomas Fire Debris Flow disaster to allow them to

focus on disaster recovery agenda items, and that recycled water will continue to be discussed in future meetings.

5. OLD BUSINESS

A. Thomas Fire Debris Flow FEMA/Insurance Update

Staff reported that CalOES had advised that one of the four projects submitted to FEMA for reimbursement had been finalized and reimbursement funds had been obligated. Staff also reported meeting with insurance representatives to discuss the debris flow repair work at the lift stations, and business interruption/loss of revenue coverage. The claims adjuster has assigned a forensic accountant to calculate lost revenue.

ACTION: Staff

6. NEW BUSINESS

A. Fiscal Year 2017-18 Financial Reports

District Administrator McDonald reviewed these unaudited Fiscal Year 2017-18 Financial Reports, all of which had been reviewed by the Finance Committee in its July 24th meeting:

- Operations & Maintenance Budget Status
- Quarterly Investment/Cash Activity
- Capital Improvement Budget Status

ACTION: None

B. Administration & Operations (A&O) Committee Meeting Report

Director Williams reported on the A&O Committee meeting of July 18th, and minutes were distributed.

The Committee met with a representative from IDE Technologies, which is proposing a District partnership for a reverse osmosis tertiary treatment pilot project for onsite recycled water use. The 2018-19 Capital Budget includes \$80,000 for a recycled water project. The Committee recommended the Board authorize the General Manager to issue a purchase order to IDE in the amount of \$80,000 to purchase a Micro Pulse Flow Reverse Osmosis Skid.

Director Williams also reported on a request for relief of the annual sewer service charge that the Committee declined as the request was beyond District's current policy for relief. The Committee also discussed the Olive Road sewer main extension bid results, the District's proposed online presentation of its January 9th Debris Flow disaster response, and the status of the essential services building.

ACTION: None

C. Finance Committee Meeting Report

Director Kern reported on the Finance Committee meeting of July 24th, and minutes were distributed.

The FY2017-18 unaudited financial reports discussed in Agenda Item 6A had been reviewed by the Committee as presented. Bartlett, Pringle & Wolf will be onsite the beginning of September to begin FY2017-18 audit fieldwork, with the goal to present a draft audit to the Committee in November, and to present the final FY2017-18 audit to the Board in December.

The Committee had reviewed the funding needed for the recycled water project for onsite reuse, and recommended the Board approve \$80,000 of additional monies to the Capital Improvement Budget for the auxiliary work required to complete the IDE pilot project for a total funding level of \$160,000.

The Committee discussed FEMA/Insurance reimbursement reported in Agenda Item 5A.

ACTION: None

D. Recycled Water for Onsite Reuse – IDE Technologies – Purchase Order Authorization and Additional Capital Improvement Project Funding

General Manager Gabriel distributed a flowchart showing the quantity of water available for recycled water and an overview of the process of using recycled water for onsite reuse.

General Manager Gabriel reviewed the recommendation of the A&O and Finance Committees to move forward with the IDE pilot project to install a reverse osmosis tertiary treatment system for onsite use only. This pilot project would allow the District to fine tune the balance of using secondary treated wastewater with tertiary treated wastewater in order to produce suitable high quality irrigation water. The District would work in partnership with the Flower Guild to test the recycled water on landscaping here at the District.

On MOTION by Director Williams and second by Director Owens, the Board approved unanimously to direct the General Manager to issue a purchase order to IDE in the amount of \$80,000 for a Micro Pulse Flow Reverse Osmosis Skid, and to increase funding to the Capital Improvement Budget for Project #10 (Recycled Water Project) an additional \$80,000 to complete required auxiliary work for the project.

Hillary Hauser of Heal the Ocean applauded the Board for moving forward on this project. She opined that this pilot program would be an educational opportunity for the Montecito community and was a fabulous proactive stop on the part of the MSD Board.

ACTION: Staff

E. 2018 Local Agency Biennial Notice

Staff reported District legal counsel had reviewed Resolution No. 2016-900, Conflict of Interest Code, and advised that no changes were currently required. District Administrator McDonald recommended the Board direct General Manager Gabriel to sign and return to the County the 2018 Local Agency Biennial Notice noting no amendments were required.

On MOTION by Director Owens and second by Director Kerns, the Board approved unanimously to direct staff to notify the County no amendments were required in the District's Conflict of Interest Code.

ACTION: Staff

F. Information Items

Director Ishkanian reported on the upcoming SB County CSDA dinner meetings.

G. Agreements Signed

- None

7. ENGINEERING, OPERATIONS AND MAINTENANCE


The Board reviewed the information in the agenda packet.


8. ITEMS FOR NEXT AGENDA

The next regularly scheduled meeting is August 27, 2018. There will be no regularly scheduled meeting on September 10th nor September 24th, but there will be a special meeting on September 17th.


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 2:35 p.m.


Judith Ishkanian, President


Robert Williams Jr., Vice President


Jeffrey Kerns, Secretary


Thomas N. Kern, Treasurer


Warner Owens, Secretary Pro Tem