

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

May 11, 2015

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on May 11, 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

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of April 13, 2015 were included in the agenda packet.

On MOTION by Director Kern and second by Director Williams, the Board approved unanimously without abstention the minutes of April 13, 2015.

3. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Ishkanian and second by Director Kerns, the Board approved unanimously without abstention these payroll and accounts payable expenses from April 13, 2015 through May 11, 2015:

Accounts Payable Expenses	\$ 96,241.22
Payroll and Related Expenses	<u>149,957.81</u>
Total Expenses	\$ 246,199.03

4. PUBLIC COMMENT

None

5. OLD BUSINESS

None

6. NEW BUSINESS

A. MONTECITO ASSOCIATION WATER COMMITTEE – REUSING WASTEWATER PRESENTATION

General Manager Gabriel reported on the April 24th meeting of the Montecito Association Water Committee during which she and Operations Manager Alonzo made a presentation on recycled water. Dr. Edo McGowan and Mr. Richard Shaikewitz, Board President of Montecito Water District, voiced objections or concerns about using recycled water. Director Williams suggested that the Association use Survey Monkey to survey residents of Montecito and better gauge community interest in recycled water.

ACTION: None

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

Director Kerns reported on the May 8th meeting of the Administration and Operations (A&O) Committee. The Committee asked the General Manager to draft a letter for President Owens to send to Montecito Water District President Shaikewitz, asking the MWD Board to clarify its specific intentions regarding the use of recycled water and for the MWD Board to take formal action to pursue that intention.

The Board received the draft letter prepared by the General Manager. Director Williams suggested changes to wording in the first paragraph to clarify recycled water use and that the letter be copied to Cindy Feinberg, Chair of the Montecito Association Water Committee.

On MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention that Director Owens send the edited letter to Mr. Shaikewitz and to copy Cindy Feinberg.

Director Kerns informed the Board that the A&O Committee discussed two NPDES Discharge Permit violations. The first violation occurred February 3, 2010 when the District's treated effluent exceeded the total coliform seven sample median of 23 MPN with a 27 MPN. The second violation occurred on June 21, 2014 when the District's treated effluent exceeded the total chlorine residual limit of 5400 micrograms per liter with 6850 micrograms per liter. Each of these violations resulted in a penalty of \$3,000 for a total penalty of \$6,000. Although there were circumstances to explain these violations (February 2010 – major rain events – and June 2014 – SCE power outage damaged the de-chlorination system) that made it difficult to prevent these violations, the A&O Committee recommends that these mandatory minimum penalties totaling \$6,000 should be paid before the June 5, 2015 response date.

ACTION: Staff

C. FINANCE COMMITTEE MEETING REPORT

Director Kern reported on the Finance Committee meeting of May 5th. Director Kern informed the Board that Mr. James Fabian of Fieldman Rolapp and Associates attended the Committee meeting and provided a primer on municipal bonds and explained the MSD Certificates of Participation (COPs) issuance of 2007. Director Kern stated that Mr. Fabian analyzed current interest rates and stated refinancing now would not completely meet the Government Financial Officers Association (GFOA) recommended value. Therefore, the Finance Committee recommends there be no refunding/refinancing at this time, but have asked Fieldman Rolapp to continue to monitor interest rates and report back to the Finance Committee on a quarterly basis.

The next Finance Committee meeting is scheduled for June 1st, 2015 at which time the Committee will review the initial draft of the FY15-16 Budget.

ACTION: None

D. PERSONNEL COMMITTEE REPORT

Director Ishkanian reported on the Personnel Committee meeting of May 8th. The Committee reviewed the LA/Riverside/Orange County Consumer Price Index (CPI) and other local sanitary agencies' actions, and recommends that the Draft FY2015-16 Budget be prepared with a Cost of Living Allowance (COLA) of 1.3%. Director Ishkanian reported that the Committee approved a salary range table for FY15-16 with this COLA. The Committee also recommends a modification of Massachusetts Mutual Deferred Compensation Plan to include a loan provision, aligning this plan with the CalPERS Deferred Compensation Plan. The Committee also recommends conducting a performance evaluation review of the General Manager and will schedule a closed session meeting of the Committee with legal counsel to begin this process.

On MOTION by Director Kerns and second by Director Williams, the Board approved unanimously without abstention the recommendations of the Personnel Committee.

ACTION: Staff

E. REVIEW ORDINANCE NO. 11 – COMPENSATION OF DIRECTORS

The Board reviewed Ordinance No. 11 – Compensation of Directors dated January 2006, which is the last approved change in Director compensation. On MOTION by Director Williams and second by Director Kerns, the Board approved unanimously without abstention to increase all Director Compensation by 5% as of July 1, 2015 as allowed by Ordinance No. 11.

ACTION: Staff

F. REVIEW RESOLUTION NO. 2013-884 – INVESTMENT POLICY

Director Kern discussed Resolution No. 2013-884 – Investment Policy. This resolution was written and reviewed by legal counsel in 2013 to include required updated language. The Board decided no further changes to the Investment Policy are required at this time.

ACTION: None

G. INFORMATION ITEMS

- Director Ishkanian reported on the well attended April 20th SBCSDA meeting in Buellton on Cloud Seeding and the May 6th SBCSDA Board of Directors meeting. The next SBCSDA meeting is at Glenn Annie Golf Course on June 22nd and will feature David Chang of Vector Control.

H. AGREEMENTS SIGNED

639 Hot Springs Road – Sewer Service Agreement for pool cabana
633 Parra Grande Lane – Sewer Service Agreement for new cabana
1165 High Road – Sewer Service Agreement for garage with hobby room
560 Meadow Wood Lane – Pump Variance Agreement
570 Meadow Wood Lane – Pump Variance Agreement
590 Meadow Wood Lane – Pump Variance Agreement

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the agenda packet.

8. ITEMS FOR THE NEXT AGENDA

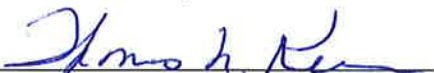
- Revised Directors' Compensation Ordinance
- FY15-16 Draft Budget
- Personnel Committee report for Closed Session

9. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Ishkanian and second by Director Williams, the MOTION passed unanimously without abstention and the meeting adjourned at 3:16 p.m.


Warner B. Owens, President


Judith Ishkanian, Vice President


Thomas N. Kern, Treasurer


Jeff Kerns, Secretary


Robert Williams, Director