



Montecito Sanitary District

1042 Monte Cristo Lane *A Public Service Agency*
Santa Barbara, CA 93108

Phone: (805) 969-4200
www.montsan.org

AGENDA

For the Regular Meeting of the Board on:

April 22, 2026

The regular meeting of the Governing Board will begin at **2:00 p.m. on April 22, 2026** in the District's Board Room at 1042 Monte Cristo Lane, Santa Barbara, CA 93108.

The public may attend the meeting in person or participate remotely via Zoom using the following virtual meeting details:

By visiting: <https://us02web.zoom.us/j/86118975917>

Or by calling: 1-669-900-6833

Meeting ID: 861 1897 5917

1. **CALL TO ORDER**

A. **ROLL CALL**

B. **PLEDGE OF ALLEGIANCE**

C. **PRESIDENT'S REPORT**

2. **PUBLIC COMMENT**

Public comment on items not on the agenda is **limited to 3 minutes** and is at the discretion of the Board President. For further instructions, please see [Instructions for Public Comment](#) on the District's website.

3. **COMMITTEE REPORTS**

It is recommended that the Board receive and file a report provided by the following committee(s):

- A. The Montecito Sanitary District Finance Committee will report on its April 17, 2026 meeting

4. **CONSENT CALENDAR**

- A. Payables from March 1, 2026 through March 31, 2026 (Page 4)
B. Board Meeting Minutes of the April 8, 2026 Regular Meeting (Page 7)
C. Fiscal Year 2025-26 Unaudited Financial Reports – March 31, 2026 (Page 10)

5. GENERAL MANAGER’S REPORT (PAGE 24)

The General Manager will provide a written report on the District’s non-actionable business and operational matters and will provide explanation where requested. Topics include the following:

- A. GM Meetings
- B. Montecito Sanitary District/Summerland Sanitary District Collaboration
- C. Permit and Private Sewer Lateral Programs
- D. District Financial Matters
- E. Information Technology
- F. Wastewater Treatment Plan Roadmap
- G. FOG Program Training Update
- H. Flow/Rain Comparison
- I. Capital Improvements Projects and Key Effort Status Updates

6. BUSINESS ITEMS

A. 2025 SEWER MAIN CIPP LINING PROJECT – AMENDMENTS TO AGREEMENTS (PAGE 29)

It is recommended that the Board:

- i. Authorize the General Manager to approve additional expenditures of up to \$15,926.60 (~27% of original Agreement amount) as an Amendment with Phoenix Civil Engineering for the Construction Management services for the District’s 2025 Sewer Main CIPP Lining (Project); and
- ii. Authorize the General Manager to approve additional expenditures of up to \$73,512.00 (~144% of original Agreement amount) as an Amendment with On-Track Solutions for Railroad Coordination services for the District’s 2025 Sewer Main CIPP Lining (Project).

B. DISCUSSION OF SOUTHLAND INDUSTRIES CONTRACT TECHNICAL MEMORANDUM NO. 2 – CONNECTION TO EL ESTERO WATER RESOURCE CENTER (PAGE 37)

Discuss and provide direction to the General Manager regarding whether the District should proceed with the development of Southland Industries Technical Memorandum No. 2.

C. MEMORANDUM OF UNDERSTANDING BETWEEN MONTECITO SANITARY DISTRICT, MONTECITO WATER DISTRICT, AND SUMMERLAND SANITARY DISTRICT FOR COORDINATION AND COLLABORATION FOR THE ADVANCEMENT OF SPECIAL DISTRICT REORGANIZATION (PAGE 68)

It is recommended that the Board consider a Memorandum of Understanding between Montecito Sanitary District, Montecito Water District, and Summerland Sanitary District for coordination and collaboration for the advancement of Special District reorganization.

D. BOARD TRAINING REQUIREMENTS (PAGE 92)

It is recommended that the Board discuss and consider taking appropriate action to address Board members’ failure to complete required annual training, including establishing or enforcing consequences and ensuring future compliance.

7. BOARD COMMUNICATIONS

- A. Items for future Board meeting
- B. Next Board Meeting Date – May 13, 2026

8. ADJOURNMENT

The Montecito Sanitary District conducts its meetings in accordance with the Brown Act. The District also provides alternative methods of remote participation which permit members of the public to observe and address public meetings remotely via telephone or Zoom. These methods of participation can be accessed through the internet link provided at the top of this agenda.

This agenda was posted on the District website, and at the Montecito Sanitary District Bulletin Board in accordance with the requirements of the Brown Act.

Attested by:



Stephen Williams

Business and Administrative Manager/Clerk of the Board

ADA – The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's programs, services or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at 969-4200.



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BOARD LIST OF PAYABLES – MARCH 2026

<u>CHECK DATE</u>	<u>SUMMARY & TYPE</u>	<u>BATCH TOTAL</u>
03/16/2026	ACCOUNTS PAYABLE	169,001.22
	Subtotal	\$ 169,001.22
03/16/2026	CAPITAL IMPROVEMENT PROJECTS	18,706.25
	Subtotal	\$ 18,706.25
03/05/2026	PAYROLL	113,738.49
03/19/2026	PAYROLL	113,772.29
	Subtotal	\$ 227,510.79
	<u>TOTAL</u>	<u>\$ 415,218.26</u>

*All Invoices were reviewed and approved by Department Managers

**All Invoices and Payments were reviewed and approved and checks signed by the General Manager

***Board Treasurer, Dorinne Johnson, approved all payables prior to check mailing

Check History Report**MONTECITO SANITARY DISTRICT (MSD)****Sorted By Check Number****Activity From: 3/1/2026 to 3/31/2026****Bank Code: B OPERATING CASH (MBT)**

Check Number	Check Date	Vendor Name	Check Amount	Payment Description
30799	3/16/26	ACWA/JPIA	36,442.37	MEDICAL PREMIUMS - FEBRUARY 2026
30800	3/16/26	AMAZON CAPITAL SERVICES	2,726.68	LCD HOUR METER, P-TOUCH TAPE, LS CLEANER/DEGREASER, LS PARTS, PODIUM, BOARD SNAKCS, OFFICE SUPPLIES
30801	3/16/26	AQUATIC INFORMATICS INC.	2,474.57	HACH DATA SOFTWARE SUBSCRIPTION
30802	3/16/26	AT&T MOBILITY	23.74	MOBILE SELECT POOL AIRCARDS
30803	3/16/26	BARTLETT, PRINGLE & WOLF, LLP	2,104.00	CA STATE CONTROLLER FINANCIAL REPORT
30804	3/16/26	BIG GREEN CLEANING COMPANY	5,880.08	JANITORIAL SERVICES AND SUPPLIES - DEC & MAR
30805	3/16/26	CINTAS CORPORATION #684	1,779.65	UNIFORMS, TOWELS, MATS GLOVES - FEB
30806	3/16/26	COLANTUONO, HIGHSMTIH &	18,091.50	LEGAL SERVICES - NOV AND FEB
30807	3/16/26	CORT	44.00	DEED REPORT - FEB
30808	3/16/26	COX BUSINESS	192.04	WIRELESS INTERNET - JAN & FEB
30809	3/16/26	DAL POZZO TIRE CORP	3,580.09	UNIT #1 TIRES
30810	3/16/26	DAKOTA DAUENHAUER	365.00	CWEA MEMBERSHIP AND E&I RENEWAL
30811	3/16/26	ENGEL & GRAY, INC	6,764.73	BIOSOLIDS DISPOAL - JAN
30812	3/16/26	HERNANDEZ, FRANCISCO	251.00	CWEA MEMBERSHIP FEE
30813	3/16/26	FISHER SCIENTIFIC	2,655.60	LAB SUPPLIES
30814	3/16/26	FOSTER & FOSTER INC	3,060.00	GASB 75 ACTUARIAL VALUATION - OPEB
30815	3/16/26	FRONTIER	1,148.71	PHONE SERVICE FOR LS 1, 2, 4, 5 & WWTP
30816	3/16/26	GEOGRAPHIC DATA &	740.00	TRANSFER GIS DATA BACKUP FILES
30817	3/16/26	GLS COMPANIES	1,560.00	LANDSCAPE MAINTENANCE - FEB
30818	3/16/26	GRAINGER	301.74	COLLAR CLAMP, S HOOK, NUTRIENT BFR SOLUTION
30819	3/16/26	HACH COMPANY	2,247.46	SENSOR CAP REPLACEMENT - LAB
30820	3/16/26	HOWELL, TODD	2,300.00	DEPOSIT REFUND - 645 COWLES ROAD
30821	3/16/26	INTERSTATE BILLING SERVICES	621.89	VEHICLE SERVICING - BATTERY
30822	3/16/26	JACOB GREEN & ASSOCIATES	5,700.00	BYLAWS/BOARD POLICIES - TASK 2
30823	3/16/26	KIMBALL MIDWEST	503.22	DRILL BITS AND REAMER
30824	3/16/26	MCCORMIX CORP	546.77	VEHICLE FUEL, DIESEL EXHAUST FLUID
30825	3/16/26	MCWILLIAMS, TERESA	2,300.00	DEPOSIT REFUND - 1542 RAMONA LANE
30852	3/16/26	MONTECITO BANK AND TRUST	5,584.14	CCTV TRANSPORTER WHEELS, CWEA P3S CONFERENCE (ROLLIN S), CWEA MEMBERSHIP (LARROUDE), AWWA ANNUAL DUES (KEEN), RAILS SAFE TRAINING, MOBILE NOTARY FEES, J WEIGOLD CONFERENCE, AUTODESK SUBSCRIPTION
30826	3/16/26	MORELOS, STEVE	15.09	SHIPPING BOX REIMBURSEMENT
30827	3/16/26	MOUNTAIN SPRING WATER	213.48	DRINKING WATER & COOLER
30828	3/16/26	O'CONNOR PEST CONTROL WEST	843.85	PEST CONTROL - LIFT STATIONS, WWTP, OPS BUILDING
30830	3/16/26	PITNEY BOWES GLOBAL FINANCIAL	263.52	PRINT CARTRIDGE FOR POSTAGE METER AND LEASE
30831	3/16/26	PURETEC INDUSTRIAL WATER	185.63	WATER SOFTENER AND TANK RENTAL
30832	3/16/26	QUINN COMPANY	293.98	SERVICE LIFT TRUCK
30833	3/16/26	ROBERT D. NIEHAUS, INC	11,512.60	RATE STUDY, FINANCIAL MODELING
30834	3/16/26	RINCON CONSULTANTS, INC	1,453.75	FEMA RESTORATION SERVICES
30835	3/16/26	RINGCENTRAL, INC.	802.22	PHONE SYSTEM - FEB
30836	3/16/26	ROLLINS, CAROLE	1,111.65	CWEA CONFERENCE REIMBURSEMENT
30837	3/16/26	SBCO. ENVIRONMENTAL HEALTH	2,900.00	HAZARDOUS MATERIALS PERMITS - LIFT STATIONS AND WWTP
30839	3/16/26	S B HOME IMPROVEMENT CENTER	17.46	FLAT BLACK SPRAY PAINT

30840	3/16/26	SOUTHERN CALIFORNIA EDISON CO	19,875.00	ELECTRIC SERVICE - FEB
30841	3/16/26	STANDARD INSURANCE COMPANY	3,850.74	DISABILITY INSURANCE PREMIUM - FEBRUARY
30842	3/16/26	STREAMLINE	488.60	WEBSITE HOSING - MAR
30843	3/16/26	BRYCE SWETEK	26.59	TRAVEL REIMBURSEMENT
30844	3/16/26	UNIVAR SOLUTIONS	9,959.89	SODIUM BISULFITE AND HYPOCHLORITE - FEB
30845	3/16/26	UNDERGROUND SERVICE ALERT	252.95	NEW TICKET CHARGES
30846	3/16/26	VENTURA AIR CONDITIONING CO.	492.80	PREVENTATIVE MAINTENANCE - ALL AC'S
30847	3/16/26	VERIZON BUSINESS	1,100.86	ENGINEERING IPADS (2) AND FEB DATA PLANS
30848	3/16/26	WALLACE GROUP	508.75	PRETREATMENT ASSISTANCE - FOG PROGRAM
30850	3/16/26	JOHN WEIGOLD	562.83	SACA TRAVEL REIMBURSEMENT
30851	3/16/26	ZWORLD GIS	2,280.00	GIS PROGRAM SUPPORT

Bank B Total \$ 169,001.22

Bank Code: G CIP CASH (MBT)

Check Number	Check Date	Vendor Name	Check Amount	Payment Description
30829	3/16/26	PHOENIX CIVIL ENGINEERING	10,898.75	L001 - CHANNEL DRIVE FORCE MAIN (\$585.00) COO3 - CIPP LINING (\$10,313.75)
30838	3/16/26	SBCO. PUBLIC WORKS DEPT	188.00	COO3 - CIPP LINING
30849	3/16/26	WATER SYSTEMS CONSULTING, INC.	7,619.50	S001 - SEPTIC TO SEWER STRATEGIC PLAN (\$220.50) C001 - SEWER MODEL (\$4,495.75) S001 - SEPTIC TO SEWER REPORT (\$2,903.25)

Bank G Total \$ 18,706.25

I, Dorinne Lee Johnson, Approve the Accounts Payables for March 16, 2026

Sign: _____

Date: _____



Montecito Sanitary District

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MINUTES

For the Regular Meeting of the Board on:

April 8, 2026

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 2:01 pm on Wednesday, March 25, 2026. The meeting was also broadcast using Zoom teleconferencing.

ATTENDANCE

Board Members Present:

Directors Barrett, Johnson, Ohlmann, and Rockenbach

Board Members Absent:

Director Newquist

Also Present and Participating:

John Weigold, MSD General Manager

Stephen Williams, MSD Business and Administrative Manager/Clerk of the Board

Taylor Anderson, District Legal Counsel

Anthony Elowsky, Robert D. Niehaus, Inc.

2. PUBLIC COMMENT

No members of the public addressed the Board.

3. COMMITTEE REPORTS

A. Director Ohlmann gave a report on the Montecito Sanitary District Administrative and Operations Committee meeting of April 1, 2026.

B. Director Johnson gave a report on the Montecito Sanitary District Public Information Committee meeting of April 3, 2026.

4. CONSENT CALENDAR

ON MOTION by Director Ohlmann, Seconded by Director Johnson, the Board voted to approve the following Consent Calendar items:

A. Board Meeting Minutes of the March 25, 2026 Regular Meeting

AYES: Directors Barrett, Johnson, Ohlmann, and Rockenbach

NAYES: None

ABSTAIN: None

ABSENT: Director Newquist

5. BUSINESS ITEMS

A. SEWER RATE STUDY

ON MOTION by Director Rockenbach, Seconded by Director Ohlmann, the Board voted to adopt Resolution 2026-988 as presented in the Board Packet.

AYES: Directors Barrett, Johnson, Ohlmann, and Rockenbach
NAYES: None
ABSTAIN: Director Newquist
ABSENT: None

B. BOARD TRAINING REQUIREMENTS

ON MOTION by Director Johnson, Seconded by Director Barrett, the Board voted to allow directors to complete their ethics and sexual harassment training through the FPPC or CSDA.

AYES: Director Johnson
NAYES: Directors Barrett, Ohlmann, and Rockenbach
ABSTAIN: None
ABSENT: Director Newquist

Motion does not carry.

ON MOTION by Director Ohlmann, Seconded by Director Rockenbach the Board voted that should all directors not complete their required trainings by the next Regular Board Meeting an agenda item be placed on that agenda to discuss repercussions.

AYES: Director Barrett, Ohlmann, and Rockenbach
NAYES: None
ABSTAIN: Director Johnson
ABSENT: Director Newquist

ON MOTION by Director Johnson, Seconded by Director Rockenbach, the Board voted that all Board members be treated equally related to trainings.

AYES: Director Barrett, Johnson, Ohlmann, and Rockenbach
NAYES: None
ABSTAIN: None
ABSENT: Director Newquist

C. ORDINANCE NO. 26 – BOARD COMPENSATION

ON MOTION by Director Johnson, Seconded by Director Barrett, the Board voted to continue this agenda item to the next Regular Board Meeting.

AYES: Directors Barrett and Johnson
NAYES: Directors Ohlmann, and Rockenbach
ABSTAIN: None
ABSENT: Director Newquist

Motion does not carry.

ON MOTION by Director Barrett, Seconded by Director Johnson, the Board voted to adopt Ordinance No. 26 – Board Compensation.

AYES: Director Barrett
NAYES: Directors Ohlmann, and Rockenbach
ABSTAIN: Director Johnson
ABSENT: Director Newquist

Motion does not carry.

D. MEMORANDUM OF UNDERSTANDING BETWEEN MONTECITO SANITARY DISTRICT, MONTECITO WATER DISTRICT, AND SUMMERLAND SANITARY DISTRICT FOR COORDINATION AND COLLABORATION FOR THE ADVANCEMENT OF SPECIAL DISTRICT REORGANIZATION

This agenda topic was not discussed and will be placed on a future agenda.

6. BOARD COMMUNICATIONS

- A. Next Regular Board Meeting Date – April 22, 2026
- B. Items for future Board meeting

7. ADJOURNMENT

ON MOTION by Director Rockenbach, Seconded by Director Johnson, the meeting ended at 5:23 pm.

These minutes were presented for approval at the Regular Board Meeting on April 22, 2026.

Rock Rockenbach, President

Minutes taken and prepared by:

Stephen Williams
Business and Administrative Manager/Clerk of the Board



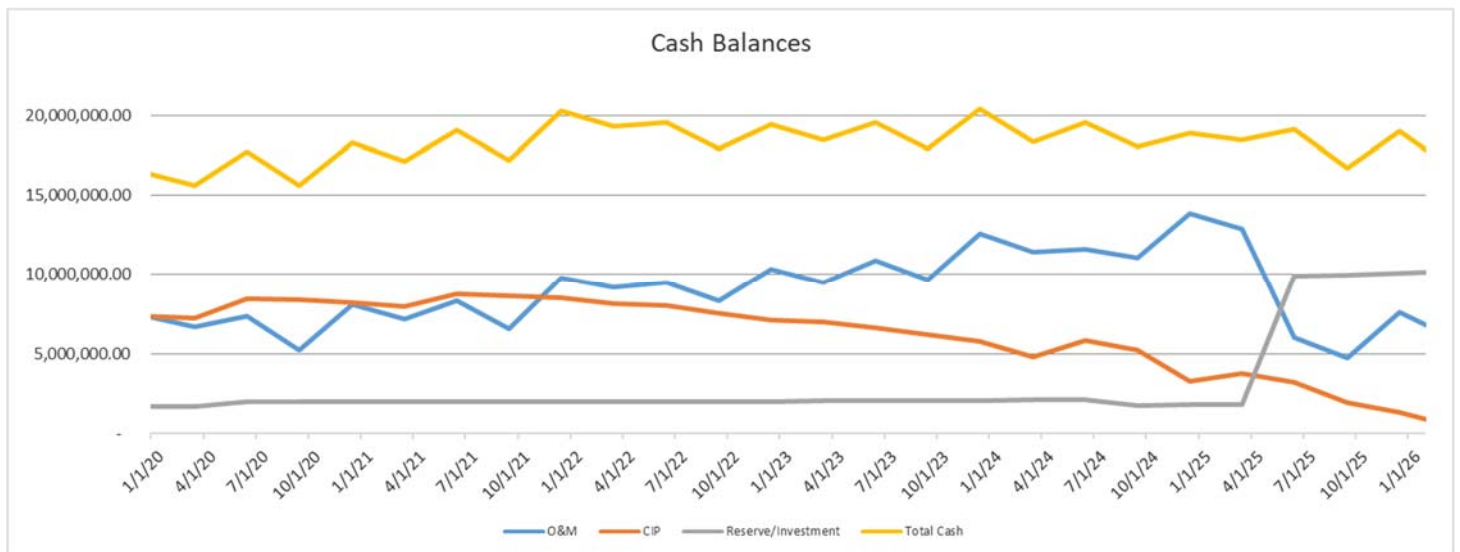
**Fiscal Year 2025-26 Unaudited Quarterly Financial
Summary Memo**

For the Quarter Ended 3/31/2026

FINANCIAL HEALTH AND CASH POSITIONS

As of **March 31, 2026** the District continues to maintain a healthy financial position. Its cash balances are sufficient to cover both its short and long-term obligations as well as keep the District above its adopted **\$2.25M** adopted reserve fund policy target. Total cash position of the District ended the quarter at **\$16,715,053**, a decrease of **\$2,305,892** when compared to the prior quarter. This decrease was anticipated due to the timing of the District’s revenue receipts from the County Tax Roll coupled with the anticipated capital improvement projects outlay.

Below is a line graph detailing the District’s cash position at each quarter for the past five years:



Below is a chart detailing the current cash balances the District maintains compared to last quarter. A detailed breakdown of each account is provided in **Attachment A - Quarterly Cash and Investments Holdings as of 3/31/2026**:

	Balance at 12/31/2025	Balance at 3/31/2026	Difference
Operations & Maintenance	\$ 7,584,541	\$ 6,034,980	\$ (1,549,561)
Capital Improvement Projects	1,345,048	498,914	(846,134)
Investments/Reserves	10,091,356	10,181,159	89,803
Total Available Cash	<u>\$ 19,020,945</u>	<u>\$ 16,715,053</u>	<u>\$ (2,305,892)</u>

Table 1. Fiscal Year 2025-26 Cash Comparison – Current Quarter vs. Prior Quarter

REVENUES

For **Fiscal Year 2025-26**, the District budgeted approximately **\$9.7M** in revenues between its two main revenue types: Operating and Non-operating revenue. The District receives approximately 96% of its revenues through two allocations from the County of Santa Barbara’s Property Tax apportionment, which occurs in December and April of each year. Non-operating revenues were also budgeted significantly higher this year when compared to prior years due to reimbursements from FEMA/CalOES on the District’s 2023 Emergency Projects that were completed last fiscal year.

Table 2 below shows the breakdown of revenue received through the period ending **March 31, 2026**.

OPERATIONS & MAINTENANCE BUDGET TO ACTUAL SUMMARY

OPERATING AND NONOPERATING REVENUES

	2025-26 Budget	2025-26 YTD Actuals	Difference
Operating Revenues			
Service Charges	\$ 6,550,000	\$ 3,660,009	\$ (2,889,991)
Connection Fees	225,000	193,461	(31,539)
Other Services	55,000	75,025	20,025
Total Operating Revenues	\$ 6,830,000	\$ 3,928,495	\$ (2,901,505)
Nonoperating Revenues			
Property Taxes	\$ 828,500	\$ 493,448	\$ (335,052)
Reimbursements	\$ 1,614,297	\$ -	
Interest Income	415,000	403,119	(11,881)
Total Nonoperating Revenues	\$ 2,857,797	\$ 896,567	\$ (1,961,230)
Total Revenues	\$ 9,687,797	\$ 4,825,062	\$ (4,862,735)

Table 2. Fiscal Year 2025-26 Budget to Actuals - Revenue

Operating and Non-operating Revenue Noteworthy Items:

Sewer Service Charges - The District's primary source of revenues comes from Sewer Service Charges.

The District submitted all Sewer Service Charges to the County for inclusion on connected properties Property Tax bills in early July. This method saves a substantial amount of administrative time having to bill, collect, and reconcile over 3,000 sewer service bills to customers. Allocations are received in November and April of each Fiscal Year, with true-ups done in June. Total amount reported to the Auditor-Controller's Office was **\$6,503,718**.

- **Connection Fees** – The District has seen a higher number of connection fees in the current fiscal year, with increased activity for Accessory Dwelling Unit connections. Properties that connect this year will have their current fiscal year sewer service charges prorated and will be subsequently placed on the next fiscal years' tax roll.
- **Other Services** – The District collects various fees as it relates to inspection services, sewer availability inquiries, engineering review services, agreements, and administrative certifications. These fees appear higher than anticipated for the fiscal year due to multiple large residential and commercial projects.
- **Property Tax** – The District's ½ of 1% Property Tax Revenue is collected in the same manner as the Sewer Service Charges. The County released an estimated property tax revenue figures in September and the District is expected to receive **\$863,503** for the current fiscal year, which is **\$35,003** more than estimated.
- **Interest Income** –The **Fiscal Year 2025-26** Interest Income budget was developed with the District's current investment holdings in mind coupled with dwindling cash balances as a result of CIP projects

Montecito Sanitary District
 Quarterly Unaudited Financial Summary
 For the Period Ended March 31, 2026

being worked on. During the prior fiscal year cash reserves were moved into higher interest/dividend yielding investment accounts with Charles Schwab and California CLASS resulting in higher earnings when compared to LAIF and the County Treasury. With the declining interest rate environment County interest earnings will continue to perform close to the Districts’ holdings in California CLASS and Charles Schwab.

- **Reimbursements** – In June of 2025 the District received notification from FEMA/CalOES that its 2023 Winter Storms Emergency Projects were approved and obligated. As a result the District is expected to receive approximately **\$1.6M**. These are one-time monies and will be put back in the CIP account once received. Recent discussions with CalOES staff indicate that it is highly likely that reimbursement won’t be received prior to the end of the fiscal year, mostly due to delays on the federal level in final review and check processing.

EXPENDITURES

The District’s Operations and Maintenance expenditures came in at approximately **67%** of what was budgeted for the fiscal year. Table 3 below summarizes **Attachment B – Quarterly Operations & Maintenance Expenditure Status Report as of 3/31/2026** attached to this memo. Noteworthy line items from that attachment are highlighted below to detail the positive or negative differences between the budget and actuals.

	2025-26 Budget	2025-26 YTD Actuals	Difference	% of Budget
Operating Expenditures				
Salaries and Benefits	\$ 3,778,172	\$ 2,840,928	\$ 937,244	75%
Insurance	157,500	164,185	(6,685)	104%
Maintenance & Repairs	196,500	104,509	91,991	53%
Goods & Supplies	148,000	104,041	43,959	70%
Professional Services	280,000	163,763	116,237	58%
Administrative Costs	539,400	151,129	388,271	28%
Plant & Lab Operating Costs	680,000	318,444	361,556	47%
Safety, Training, & Travel	92,570	75,232	17,338	81%
Utilities	321,500	199,092	122,408	62%
Total Operating Expenditures	\$ 6,193,642	\$ 4,121,324	\$ 2,072,318	67%

Table 3. Fiscal Year 2025-26 Budget to Actuals - Expenditures

Operating Expenditures Noteworthy Items:

- **6105 – Board Salaries** - This fiscal year has seen an increase in board stipends, mostly due to an increase in the number of Board/Committee meetings and the increased use of Ad Hoc committees when compared to prior years. Staff anticipates ending the year approximately \$7,000 over budget at fiscal year-end.
- **6400 – CalPERS Contribution** – Every year the District elects to prepay its CalPERS Unfunded Actuarial Liability (UAL) in July rather than paying in monthly installments. This method saves the District approximately 3% of its total UAL costs, and a payment was made in July totaling **\$281,188**. This large expenditure early in the year is causing the percentage of budget utilized for Salaries and Benefits to

Montecito Sanitary District
Quarterly Unaudited Financial Summary
For the Period Ended March 31, 2026

be high at this point in the fiscal year. Staff does not anticipate being materially over budget in this line item by the end of the fiscal year.

- **7090 – Insurance-General Liability** - Final payments for liability insurance came in during the quarter with no further payments anticipated. Costs came in approximately **\$14,500** higher than budgeted.s
- **7430 – Memberships** – While this line item appears to be trending higher than anticipated, staff expects to be in line with budget figures as most of the membership costs for the fiscal year have been paid. The vast majority of membership costs are for the following agencies: Association of California Water Agencies (**\$19,510**), California Special Districts Association (**\$9,665**), and the California Association of Sanitation Agencies (**\$10,330**). The remaining amounts are related to annual membership fees (**\$251**) required for each of our Treatment Operators as required by our NPDES Permit.
- **7500 – Public Outreach** – This line item is trending higher due to unanticipated public outreach costs not known during the budget development process. The majority of these costs are from services provided by Rojas Public Affairs and cover website upgrades, public newsletter dissemination, customer survey creation and response monitoring, and assistance with the District’s Proposition 218 noticing for its Sewer Rate Study.
- **7653 – Chemicals** – The District is currently 16% under budget for chemicals at this point in the fiscal year which is the result of several different factors. Staff will continue to monitor this account and provide updates during the year as it is always a point of interest for the Board. Staff expects to fall under budget for the fiscal year.
- **7722 – Board Training/Conference Registration** – The Board adopted the Fiscal Year 2025-26 Budget prior to engaging Jacob Green and Associates to provide Board Workshop/Strategic Planning/Bylaws/Policies and Procedures services. This line item had a budget revision approved in the prior quarterly financials report and staff will continue to monitor.
- **7763 – Electricity** – The District is currently 10% under budget for electricity costs. Staff will continue to monitor this account and provide updates during the year as it is always a point of interest for the Board. Staff expects to be slightly under budget for the fiscal year, based on historical trends.

CAPITAL IMPROVEMENTS PROJECTS

The District maintains separate Capital Improvement Project (CIP) accounts from its Operations and Maintenance funds. As of the end of the period the balance held in CIP accounts totals **\$498,914**. In prior years the District has held a healthy CIP account balance as its CIP program wasn’t being prioritized. The past two fiscal years have seen District CIP activity ramp up to address several maintenance needs, and as such those funds have been drawn upon. At the last quarterly financial report staff anticipated that the District’s Operations and Maintenance fund would have to begin funding the capital improvement program, and that funding began near the end of the quarter with **\$450,000** being transferred from the County Operations and Maintenance Fund to the Montecito Bank and Trust Capital Improvements Project Fund. This will continue during the fourth quarter of the fiscal year.

Montecito Sanitary District
 Quarterly Unaudited Financial Summary
 For the Period Ended March 31, 2026

The CIP Budget passed for **Fiscal Year 2025-26** utilized estimates for the anticipated expenditures for CIP work including permitting, design, construction management, and all other costs associated with projects. The following table details the approved budget for the fiscal year and amount expended year-to-date by program.

Program	2025-26 Approved Budget	Project Expenditures Through 3/31/2026
Collections	\$ 6,587,000	\$ 2,932,057
Lift Stations	\$ 1,575,000	\$ 146,089
Treatment & Lab Facilities	\$ 2,385,000	\$ 69,045
Sewer Main Extens	\$ 600,000	\$ -
	\$ 60,000	\$ 111,649
Total	\$ 11,207,000	\$ 3,258,840

Table 4. Fiscal Year 2025-26 Budget to Actuals – Capital Improvement Program

During the third quarter the District spent **\$937,480** on Capital Improvement Projects. Detailed below are some of the noteworthy capital expenditures for the quarter. A full detail of all CIP expenditures can be found at **Attachment C - Quarterly Capital Improvement Projects Expenditure Status Report as of 3/31/2026**.

- **C005 – Manhole Lining Project** - Work was completed on this project during the current quarter, which consisted of the rehabilitation of 93 manholes. Expenditures in the current quarter totaled **\$104,501** with no more expenditures planned.
- **C013 – Combination Cleaner** – The District took receipt of its long anticipated Vacuum Combination Cleaner in December of 2025. The **\$664,161** payment was made in January of the current quarter.
- **L001 – Channel Lift Station Improvement** – Design work continued on the Channel Lift Station Improvement project, with \$93,395 being spent during the current quarter. Construction is expected to begin during the fourth quarter.

2017 SEWER REFUNDING REVENUE BONDS – CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) FINANCE CORPORATION

In May 2017 the District refunded its 2007 Certificates of Participation (COP). The District will make two payments on its bond during Fiscal Year 2025-26 totaling **\$912,325**. Of this total **\$735,000** will be applied to principal and **\$177,325** to interest. After all payments were made in Fiscal Year 2025-26 the remaining bond debt is **\$4,235,000** and is expected to be paid off by July 1, 2030. The current interest rate paid is **5%**.

ANNUAL DEPRECIATION FUNDING

Annually, the District’s Operations & Maintenance account contributes to the Capital Replacement Fund and is based on the prior fiscal years’ annual depreciation expense. The current year contribution will be **\$1,192,399** and staff will make the transfer in June.

Montecito Sanitary District
Quarterly Unaudited Financial Summary
For the Period Ended March 31, 2026

Attachments:

Attachment A – Quarterly Cash and Investments Holdings as of 3/31/2026

Attachment B – Quarterly Operations & Maintenance Expenditure Status Report as of 3/31/2026

Attachment C – Quarterly Capital Improvement Projects Expenditure Status Report as of 3/31/2026

Attachment D – Quarterly Investment Certification

MONTECITO SANITARY DISTRICT CASH AND INVESTMENTS HOLDINGS
FOR THE PERIOD ENDED 3/31/2026

		12/31/2025	Income	Interest	Transfers In	Transfers Out	Withdrawals	3/31/2026	Net Change	Comments
Sage Acct.	Investment Accounts									
1100-0000	Cash with LAIF	17,293		183				17,476	183	Quarterly Interest (3.81%): \$183
1110-0000	Cash with County-Operating	7,193,256	109,396	38,697		(1,900,000)		5,441,348	(1,751,908)	Property Tax/SSCs: \$4,044,576 Quarterly Interest (3.5%): \$38,697 Transfer to MBT O&M (01/02/26): \$350,000 Transfer to MBT O&M (02/10/26): \$450,000 Transfer to MBT O&M (02/26/26): \$350,000 Transfer to MBT O&M (03/18/26): \$350,000 Transfer to MBT CIP (03/18/26): \$400,000
1110-0001	Cash with County - Capital Replacement	901,658		8,135		(750,000)		159,792	(741,865)	Quarterly Interest (3.5%): \$8,135 Transfer to MBT CIP (2/10/2026): \$750,000
1110-0002	Cash with County-Retiree Medical	200,351		1,709				202,060	1,709	Quarterly Interest (3.5%): \$1,709
1171-0000	Charles Schwab	5,961,379	51,577					6,012,956	51,577	Dividends Earnings (3.53%): \$57,262
1172-0000	California CLASS	4,112,684	38,044					4,150,727	38,044	Dividends Earnings (3.70%): \$41,542
Sage Acct.	Cash Accounts									
1125-0000	MBT Operating account	72,022	210,034		1,500,000		(1,509,776)	272,280	200,258	Income: connection, permit, & other fees Transfers From County Oper: \$1,500,000 Withdrawals: O&M Expenses (A/P, Payroll)
1135-0000	MBT Capital Improvement account	443,390			1,150,000		(1,254,269)	339,121	(104,269)	Transfers From County CIP: \$1,150,000 Withdrawals: pmts on Capital Projects
1140-0000	MBT Revolving fund account	534					-	534	-	Withdrawals: payments on O&M expenses for checks needed immediately
1142-0000	MBT Insurance Reimbursement Acct	118,128		379				118,508	379	Monthly Interest (1.63%): \$379
1120-0000	District Petty Cash	250						250	-	
Total Cash & Investment		19,020,945	409,051	49,102	2,650,000	(2,650,000)	(2,764,045)	16,715,053	(2,305,892)	

MONTECITO SANITARY DISTRICT OPERATIONS AND MAINTENANCE EXPENDITURE STATUS

FOR THE PERIOD ENDED 3/31/2026

		2025-26 BUDGET	2025-26 YTD ACTUALS	VARIANCE	% OF BUDGET
OPERATING EXPENDITURES					
SALARIES AND BENEFITS					
6100	STAFF SALARIES	\$ 2,485,472	\$ 1,814,585	\$ 670,887	73%
6105	BOARD SALARIES	\$ 45,000	\$ 41,402	\$ 3,598	92%
6108	AUTO ALLOWANCE - GM	\$ 3,600	\$ 3,000	\$ 600	83%
6270	STANDBY PAY	\$ 54,600	\$ 35,925	\$ 18,675	66%
6300	OVERTIME	\$ 30,000	\$ 10,885	\$ 19,115	36%
6400	PERS CONTRIBUTION	\$ 450,000	\$ 430,897	\$ 19,103	96%
6410	EMPLOYEE BENEFITS	\$ 69,000	\$ 43,656	\$ 25,344	63%
6500	FICA CONTRIBUTION	\$ 145,000	\$ 113,680	\$ 31,320	78%
6510	MEDICARE	\$ 37,000	\$ 27,498	\$ 9,502	74%
6520	UNEMPLOYMENT TAX - STATE	\$ 3,500	\$ 2,792	\$ 708	80%
6600	GROUP MEDICAL - ACWA	\$ 310,000	\$ 228,720	\$ 81,280	74%
6605	RETIREE MEDICAL BENEFITS	\$ 24,000	\$ 12,867	\$ 11,133	54%
6610	LIFE INSURANCE - ACWA	\$ 6,500	\$ 2,975	\$ 3,525	46%
6615	DISABILITY INS - STANDARD	\$ 26,000	\$ 17,250	\$ 8,750	66%
6620	WORKER'S COMPENSATION	\$ 58,000	\$ 36,389	\$ 21,611	63%
6640	DENTAL INSURANCE - ACWA	\$ 19,000	\$ 8,182	\$ 10,818	43%
6645	VISION INSURANCE - ACWA	\$ -	\$ 1,827	\$ (1,827)	100%
6650	UNIFORM SERVICE - MISSION	\$ 11,500	\$ 8,400	\$ 3,100	73%
	TOTAL SALARIES AND BENEFITS	\$ 3,778,172	\$ 2,840,928	\$ 937,244	75%
SERVICES AND SUPPLIES					
7090	INS (GEN LIAB/AUTO/E&O) - CSRMA	\$ 102,000	\$ 116,643	\$ (14,643)	114%
7091	PROPERTY INSURANCE	\$ 42,000	\$ 38,419	\$ 3,581	91%
7093	INS (EMP DISHONESTY BOND) - CSRMA	\$ 1,500	\$ 985	\$ 515	66%
7094	INS (MOBILE EQUIP) - CSRMA	\$ 12,000	\$ 8,138	\$ 3,862	68%
7110	EMPLOYEE PHYSICALS	\$ 1,500	\$ 1,443	\$ 57	96%
7121	PROPERTY MAINTENANCE	\$ 85,000	\$ 43,109	\$ 41,891	51%
7122	VEHICLE MAINTENANCE	\$ 15,000	\$ 11,073	\$ 3,927	74%
7126	COLL - EQUIPMENT RENTAL	\$ 1,000	\$ -	\$ 1,000	0%
7127	COLL - SAFETY EQUIPMENT/SUPPLIES	\$ 5,000	\$ 322	\$ 4,678	6%
7129	LIFT STATION PARTS	\$ 32,000	\$ 21,019	\$ 10,981	66%
7133	VACCON EQUIPMENT & REPAIRS	\$ 15,000	\$ 7,183	\$ 7,817	48%
7134	CCTV EQUIPMENT/REPAIRS	\$ 15,000	\$ 1,931	\$ 13,069	13%
7136	COLL - MISC COLLECTION TOOLS	\$ 10,000	\$ 14,841	\$ (4,841)	148%
7138	JETTER TRUCK EQUIP / REPAIRS	\$ 7,000	\$ 4,812	\$ 2,188	69%
7150	MECHANICAL MAINTENANCE	\$ 1,500	\$ -	\$ 1,500	0%
7200	GENERAL OPERATING SUPPLIES	\$ 10,000	\$ 12,113	\$ (2,113)	121%
7201	DRINKING WATER	\$ 2,500	\$ 1,622	\$ 878	65%
7202	GLOVES	\$ 8,000	\$ 738	\$ 7,262	9%
7205	COMMUNITY & EMPLOYEE GOODWILL	\$ 6,000	\$ 6,619	\$ (619)	110%
7220	MAILING/SHIPPING EXPENSES	\$ 5,000	\$ 599	\$ 4,401	12%
7430	MEMBERSHIPS	\$ 45,000	\$ 40,757	\$ 4,243	91%
7440	MISCELLANEOUS EXPENSES	\$ 2,500	\$ 89	\$ 2,411	4%
7450	OFFICE EXPENSES	\$ 15,000	\$ 8,121	\$ 6,879	54%
7452	SCANNING & SHREDDING	\$ 10,000	\$ -	\$ 10,000	0%
7454	BOOKS/SUBSCRIPTIONS/STUDY GUIDES	\$ 2,000	\$ 351	\$ 1,649	18%
7456	COMPUTER HARDWARE/SOFTWARE/LICENSING	\$ 52,000	\$ 33,032	\$ 18,968	64%
7461	PROFESSIONAL SERVICES/FEES - LEGAL	\$ 75,000	\$ 68,157	\$ 6,843	91%
7462	PROFESSIONAL FEES - ACCOUNTING	\$ 40,000	\$ 20,314	\$ 19,686	51%
7463	PROF SERVICES - ENGINEERING	\$ 75,000	\$ 370	\$ 74,630	0%
7464	PROFESSIONAL FEES - COMPUTER/GIS	\$ 68,000	\$ 50,335	\$ 17,665	74%
7466	PROF SERVICES - HUMAN RESOURCES	\$ 12,000	\$ 6,419	\$ 5,581	53%
7500	PUBLIC OUTREACH	\$ 10,000	\$ 18,167	\$ (8,167)	182%
7506	ADMINISTRATIVE FEES	\$ 30,000	\$ 23,296	\$ 6,704	78%
7508	COLLECTION/TREATMENT FINES	\$ 10,000	\$ -	\$ 10,000	0%
7510	CONTRACTED SERVICES/LABOR	\$ 69,100	\$ 38,970	\$ 30,130	56%
7530	ADS/NOTICES FOR PUBLICATION	\$ 3,000	\$ 880	\$ 2,120	29%
7610	FURNITURE/FIXTURES	\$ 10,000	\$ 981	\$ 9,019	10%
7641	NPDES PERMIT EXPENSES-LAB	\$ 10,000	\$ 5,540	\$ 4,460	55%
7645	NPDES PERMIT REQUIREMENTS - OPERATIONS	\$ 210,000	\$ 20,240	\$ 189,760	10%
7650	ELECTION EXPENSES	\$ 500	\$ -	\$ 500	0%
7651	ANALYZER CHEMICALS	\$ -	\$ -	\$ -	0%
7652	BIOSOLIDS DISPOSAL	\$ 70,000	\$ 39,900	\$ 30,100	57%
7653	CHEMICALS	\$ 300,000	\$ 175,641	\$ 124,359	59%
7654	GENERATOR SERVICE	\$ 10,000	\$ 4,089	\$ 5,911	41%
7655	HAZARDOUS MATERIALS DISPOSAL	\$ 2,000	\$ 162	\$ 1,838	8%

7656	PLANT EQUIPMENT RENTAL	\$	5,000	\$	-	\$	5,000	0%
7657	PLANT MAINTENANCE MATERIALS	\$	75,000	\$	10,886	\$	64,114	15%
7658	PLANT MAINTENANCE PROJECTS	\$	5,000	\$	-	\$	5,000	0%
7659	PLANT SAFETY EXPENSES	\$	5,000	\$	221	\$	4,779	4%
7661	POLYMER	\$	10,000	\$	-	\$	10,000	0%
7662	SMALL TOOLS/EQUIP	\$	4,000	\$	195	\$	3,805	5%
7670	SPECIAL PROJECTS	\$	107,800	\$	45,908	\$	61,892	43%
7671	ASSET MANAGEMENT	\$	140,000	\$	53,073	\$	86,928	38%
7675	COVID-19 EXPENSES	\$	-	\$	-	\$	-	0%
7681	2023 WINTER STORM	\$	75,000	\$	11,238	\$	63,762	0%
7700	LAB CONSUMABLES-SMALL EQUIPMENT	\$	38,000	\$	26,333	\$	11,667	69%
7702	LAB EQUIPMENT MAINTENANCE	\$	10,000	\$	1,219	\$	8,781	12%
7703	CONTRACT LAB ANALYSES	\$	10,000	\$	6,104	\$	3,896	61%
7704	Laboratory HVAC Maintenance	\$	6,000	\$	844	\$	5,156	14%
7722	BOARD TRAINING/CONF REGISTRATION	\$	31,570	\$	37,950	\$	(6,380)	120%
7723	BOARD MEETINGS/TRAVEL EXPENSES	\$	5,000	\$	5,367	\$	(367)	107%
7724	STAFF TRAINING/CONF REGISTRN	\$	18,000	\$	13,472	\$	4,528	75%
7725	STAFF TRAVEL EXPENSES	\$	18,000	\$	9,323	\$	8,677	52%
7726	STAFF CERTIFICATIONS/LICENSES	\$	8,000	\$	4,708	\$	3,292	59%
7727	OSHA REQUIRED TRAINING	\$	5,000	\$	2,408	\$	2,592	48%
7728	SAFETY BOOT ALLOWANCE	\$	4,500	\$	1,856	\$	2,644	41%
7729	APPAREL AND UNIFORMS	\$	2,500	\$	2,633	\$	(133)	105%
7731	LOCAL MEETING EXPENSES	\$	2,500	\$	148	\$	2,352	6%
7740	FUEL AND OIL	\$	25,000	\$	11,559	\$	13,441	46%
7761	WATER	\$	17,000	\$	8,689	\$	8,311	51%
7762	NATURAL GAS	\$	5,500	\$	1,218	\$	4,282	22%
7763	ELECTRICITY	\$	225,000	\$	147,112	\$	77,888	65%
7766	TRASH / RECYCLING	\$	17,000	\$	6,045	\$	10,955	36%
7767	TELEPHONE - LOCAL/LD	\$	20,000	\$	13,958	\$	6,042	70%
7768	TELEPHONE CELLULAR	\$	12,000	\$	10,511	\$	1,489	88%
	TOTAL SERVICES AND SUPPLIES	\$	2,415,470	\$	1,280,396	\$	1,135,074	53%
	TOTAL OPERATING EXPENDITURES	\$	6,193,642	\$	4,121,324	\$	2,072,318	67%

Fiscal Year 2025-26 Capital Improvement Program (CIP)

Adopted by the Board at the June 11, 2025 Regular Meeting

Collections:

Project No.	Description	Estimated Project Cost	2025-26 Approved Budget	Project Expenditures Through 3/31/2026
C001	Collection System Master Plan	\$ 200,000	\$ 200,000	\$ 117,267
C003	2025 Sewermain CIPP Lining - Design - CARRYFORWARD	\$ 150,000	\$ 10,000	12,412
C003	2025 2025 Sewermain CIPP Lining - Construction	\$ 3,000,000	\$ 3,000,000	60,449
C004	2026 Sewer Main CIPP Lining - Design	\$ 150,000	\$ 150,000	-
C005	Manhole Lining Project - CARRYFORWARD	\$ 2,549,155	\$ 1,800,000	2,077,768
C007	S. Jameson Relocation - Design	\$ 75,000	\$ 75,000	-
C007	S. Jameson Relocation - Construction	\$ 500,000	\$ 500,000	-
C013	Combination Cleaner - CARRYFORWARD	\$ 662,000	\$ 662,000	664,161
C015	Electric Vehicle Charging Station	\$ 15,000	\$ 15,000	-
C016	Electric Vehicle	\$ 65,000	\$ 65,000	-
CMAN	Manhole Adjustments	\$ 75,000	\$ 60,000	-
CEME	Collection O/M Emergencies	Unknown	\$ 50,000	-
Collections Subtotal			\$ 6,587,000	\$ 2,932,057

Lift Stations:

Project No.	Description	Estimated Project Cost	2025-26 Approved Budget	Project Expenditures Through 3/31/2026
L001	Channel Lift Station Improvement - Design	\$ 450,000	\$ 450,000	\$ 124,627
L001	Channel Lift Station Improvement - Construction	\$ 1,000,000	\$ 1,000,000	1,983
L008	Channel Lift Station Generator	\$ 75,000	\$ 75,000	7,823
LEME	Lift Station Emergency Repairs	Unknown	\$ 50,000	11,657
Lift Stations Subtotal			\$ 1,575,000	\$ 146,089

Treatment & Laboratory:

Project No.	Description	Estimated Project Cost	2025-26 Approved Budget	Project Expenditures Through 3/31/2026
T001	Wastewater Treatment Plant Project - Design and Eng.	\$ 1,800,000	\$ 1,800,000	\$ 7,142
T007	Treatment Carts	\$ 40,000	\$ 40,000	36,284
T017	Flow Meters - CARRYFORWARD	\$ 45,000	\$ 45,000	25,619
TEME	Treatment O/M Emergencies	\$ 500,000	\$ 500,000	-
Treatment & Laboratory Subtotal			\$ 2,385,000	\$ 69,045

Facilities:

Project No.	Description	Estimated Project Cost	2025-26 Approved Budget	Project Expenditures Through 3/31/2026
F010	Monte Cristo Improvements - Design	\$ 100,000	\$ 100,000	-
F010	Monte Cristo Improvements - Construction	\$ 500,000	\$ 500,000	-
Facilities Subtotal			\$ 600,000	\$ -

Sewer Main Extensions:

Project No.	Description	Estimated Project Cost	2025-26 Approved Budget	Project Expenditures Through 3/31/2026
S001	Septic to Sewer Strategic Plan	\$ 150,000	\$ 60,000	\$ 111,649
Sewer Main Extensions Subtotal			\$ 60,000	\$ 111,649

Program	2025-26 Approved Budget	Project Expenditures Through 3/31/2026
Collections	\$ 6,587,000	\$ 2,932,057
Lift Stations	\$ 1,575,000	\$ 146,089
Treatment & Lab Facilities	\$ 2,385,000	\$ 69,045
Sewer Main Extensions	\$ 60,000	\$ 111,649
Total	\$ 11,207,000	\$ 3,258,840



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

Phone: (805) 969-4200
www.montsan.org

QUARTERLY CERTIFICATION STATEMENTS FOR THE MONTECITO SANITARY DISTRICT

*in accordance with
RESOLUTION NO. 2013-883, MSD INVESTMENT POLICY*

For the Quarter Ended

March 31, 2026

As Treasurer of the Montecito Sanitary District, I, **Dorinne Lee Johnson**, certify that:

- (1) All investment actions executed since the last report have been made in full compliance with the Montecito Sanitary District Investment Policy;
- (2) A complete and timely record of all investment transactions is maintained in the District office from reports supplied by LAIF, the Santa Barbara County Treasurer's office, Charles Schwab, and California CLASS; and
- (3) The Montecito Sanitary District is able to meet its pool's expenditure requirements for the next six months.

Approved at the **04/22/2026** Regular Board Meeting

Board Treasurer
MONTECITO SANITARY DISTRICT



Montecito Sanitary District

1042 Monte Cristo Lane
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MONTECITO SANITARY DISTRICT STAFF REPORT – 5

DATE: April 22, 2025
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: General Manager Report

The District continues its mission of providing wastewater collection and treatment services. In addition to the daily operations of the District, the following is an update on some of our current ongoing projects and activities.

A. GM Meetings

Since my last report at the March 11, 2025 Board meeting, I attended:

1. The Sanitary Agency Managers Association lunch meeting, which the District hosted for county-wide managers from the surrounding area sanitary agencies.
2. Montecito Association Meeting on April 14 to update the board regarding District operations and the community notification of our rate study.

B. Montecito Sanitary District (MSD)/Summerland Sanitary District (SSD) Collaboration

The SSD Board met for its monthly meeting on April 9, 2026 to consider a collaboration with MSD for laboratory services, and they decided against moving ahead due to the additional cost of operation.

C. Permitting and Private Sewer Lateral Programs

Staff is continuing to enhance and digitize administrative and operational record keeping, processes and procedures in our Computerized Maintenance Management System (CMMS). We have recently completed the transition of our permits and private sewer lateral inspection program to the CMMS system and during that process we identified 51 expired permits and 51 private laterals that require repair. For the expired permits, staff will be mailing notices to owners to refund the difference from their deposit. For the private laterals, staff will mail additional notices to owners and next steps for required lateral repairs.

Active permitting and customer engagement work has been recently provided on the Key Efforts table but will now be located in this section. Staff is tracking and facilitating the following:

1. Current Property Development and ADU Projects in Review: 61
2. Issued Permits year to date in 2026: 23
3. Active Permits: 124

D. District Financial Matters

1. Below is a summary of the District’s investment activities during the month of January. Investment statements are attached to the General Manager’s report for reference:

<u>Investment Account</u>	<u>Account Balance at 03/31/2026</u>	<u>Earning Yield</u>
Charles Schwab	\$6,012,956.44	3.53%
California CLASS	\$4,150,727.34	3.70%

During the month of December the District’s investment earnings were as follows:

- \$17,429.51 in cash dividends earned by the Charles Schwab account.
 - \$12,985.75 in earned income by the California CLASS account.
2. Staff submitted the State Controller’s Government Compensation Report for calendar year 2025 as required by Government Code 53890-53891 prior to its April 30, 2026 deadline.
 3. About a year ago the District was notified of a class action settlement with its uniform cleaning provider, Cintas, and staff submitted documentation for a potential claim on a portion of that settlement. A check was received earlier in the month in the amount of \$5,516.62, which is approximately three months worth of our typical spend for that service.

E. Information Technology

The U.S. Environmental Protection Agency (EPA), the Federal Bureau of Investigation (FBI), Cybersecurity and Infrastructure Security Agency (CISA), and National Security Agency (NSA) issued a [joint advisory](#) warning on April 7, 2026 to U.S. organizations, including those in the water and wastewater sectors, for an urgent and ongoing Iranian-affiliated cybersecurity threat. U.S. organizations are experiencing exploitation and, in some cases, disruption of commonly used operational technology at drinking water and wastewater systems that are diligently working to ensure that Americans can rely on clean and safe water. The District implemented enhanced information technology security systems and services last year, which include active monitoring of all District resources, enhanced firewall systems, and daily scans of District systems. Lastly, we notified our IT vendor, Converged, who is also increased their vigilance for potential issues.

F. Wastewater Treatment Plant Roadmap

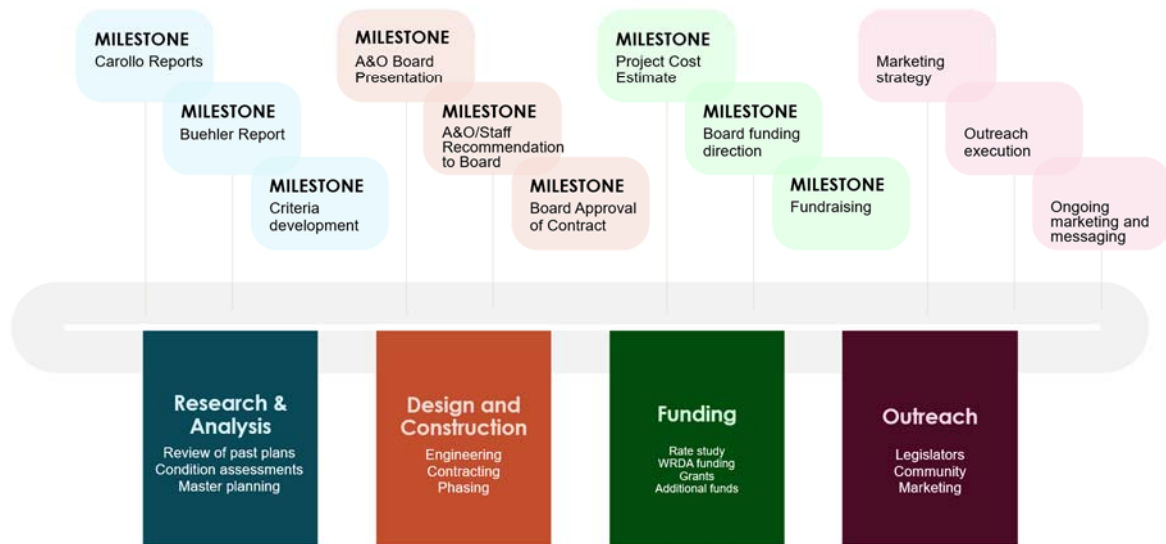
1. The following diagram outlines the significant District efforts currently ongoing in support of the wastewater treatment plant upgrade project. While many Board reviews and approvals will be required, this diagram outlines the many facets in which

Staff is currently engaged in parallel efforts. Of note, all Board committees are currently involved in this complex and integrated program. The following significant event occurred during this report period:

- a. Design and Construction: The District received drafts of the Southland Industries Technical Memorandum #1, which outlines the basis of design for the plant upgrades.
- b. Outreach: The District mailed an introduction postcard to the community. This included a survey and a request for contact information to further the District’s outreach program. The District also updated our website and distributed two press releases (one for our CIPP lining project and one to outline our rate study and Prop 218 process). Lastly the District is mailing rate study notices this week.

Montecito Sanitary District Wastewater Treatment Plant Upgrade Project

Roadmap – Four Lines of Effort

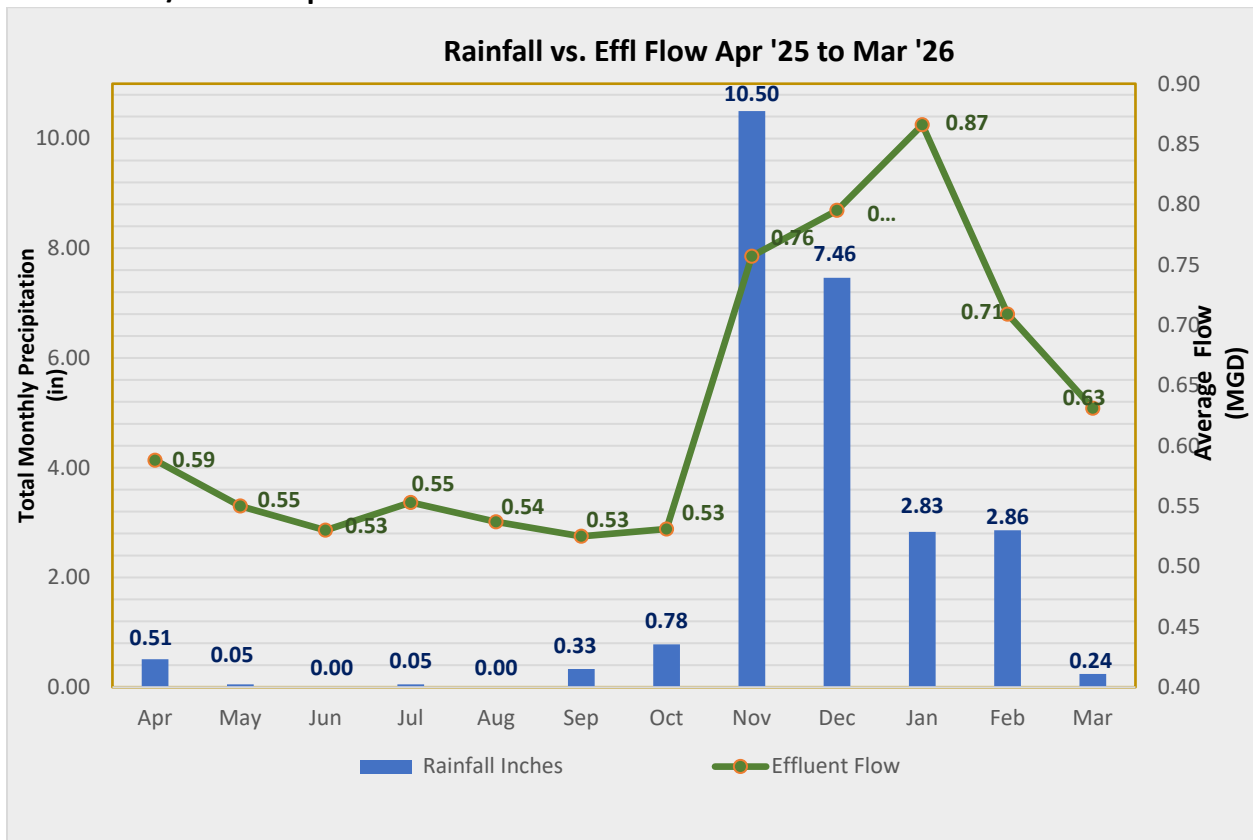


G. FOG Program Training Update

On April 8 and 9, several MSD staff members participated in Fats, Oils, and Grease (FOG) training conducted by Bill Callahan of The Wallace Group. The program consisted of an in-house instructional session followed by field inspections of selected commercial kitchens and restaurants within the District.

This training provided significant value to staff, enhancing both regulatory compliance capabilities and our ability to maintain the overall condition of the sewer system. Strengthening our FOG management practices directly supports the prevention of sewer overflows and contributes to the long-term health and reliability of District infrastructure.

H. Flow/Rain Comparison



I. Capital Improvements Projects and Key Effort Status Updates

Projects/Key Efforts	Status/Phase	Project Team	Comments
FEMA Rehabilitation (Protective Measures)	Reconciliation	N/A	FEMA/CalOES reimbursement obligated; staff working to secure reimbursement.
FEMA Protective Measures Restoration Plan	Monitoring	Rincon, Channel Islands Restoration	Monitoring is on-going. Most recent plant maintenance - 3/18.
2025 Sewer Main CIPP Lining - Construction	60%	WSC, Phoenix, OTS, Insituform	Work in UPRR ends 4/22. Work in County ends 5/4.
Septic to Sewer Strategic Plan	100% Draft Final	WSC, Phoenix	Staff provided comments and in WSC court. Anticipated revision week of 5/4.
Channel Drive Force Main Improvements - Design	60%	Stantec, E.Systems, Phoenix, OTS	Detailed design on-going. Deliverable anticipated 4/24.
Collection System Master Plan	65%	Stantec, Phoenix, WSC	Stantec working on I&I TM , and CIP list/figures.
Channel Lift Station Generator - Construction	0%	Blum, Phoenix, Quinn	Waiting for delivery of ATS and generator. Anticipate start in May 2026
Manhole Adjustments - East Mountain Dr. - Construction	0%	MGS	Pending MGS Contract. (Under Manhole Adjustments in budget).
Wastewater Treatment Plant Project - Design and Engineering	IGA - 45%	Southland, MKN	Basis of Design Memo complete. Working on plant tours, ocean outfall, and site work.
Monte Cristo Improvements - Design	0%	Phoenix, ECG	ECG selected as consultant and pending neighbors agreement. Meeting 5/12.
Climate Change Adaptation Plan (Phase 3)	RFP	Phoenix	Staff drafted RFP, in internal review. Anticipated to go out by end of April.
Website Development - Permits and Outreach	On-going	Staff and Rojas	Latest website update: 3/23
MSD/County Permitting Coordination	On-going	N/A	Latest communications: 4/3
Sewer Model Support	On-going	WSC, Phoenix	Latest communications: 4/14
CMMS Integration (Asset Management)	80% Integration	Mobile MMS	Admin fully transferred to Mobile MMS. Updates to system on-going.
ESRI GIS	On-going	Z-World	On-going updates to the system and integration with Mobile MMS.
Sewer Main Extension Projects	On-going	N/A	Staff recently approved two projects. Septic to Sewer SP to provide future guidance.
2026 Sewer Main CIPP Lining - Design	On Hold	Phoenix	This project is being pushed to future CIP.
S. Jameson Bridge - Design	On Hold	Phoenix	County confirmed project has been put on hold. MSD to keep project on 5-year plan.
Annual Reporting	Complete	N/A	Staff completed Annual Report due to State as part of NPDES Permit (1/30).
Channel Lift Station Generator - Design	Complete	Blum, Phoenix, Quinn	APCD approved. Contracts signed. Construction ready.
2025 Sewer Main CIPP Lining - Design	Complete	WSC, Phoenix, OTS	Complete, closing out contracts.
Life Expectancy Analysis (LEA)	Complete	Stantec, Phoenix	Submitted to State on 7/2/25. Awaiting any State comments.
WWTP Seismic and Materials Study	Complete	Buehler, Earth Systems	Completed Final Report on 6/26/25. Closing out.
2024 Manhole Lining - Construction	Complete	Sancon, Phoenix, MKN	Closing out and seeking Notice of Completion.
Sewer Model Calibration	Complete	WSC, Phoenix	Technical memo complete, closing out.
Sewer System Management Plan (SSMP)	Complete	Fisher Compliance	Adopted by Board 7/9/25. Staff to submitted to State.



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

Phone: (805) 969-4200
www.montsan.org

MONTECITO SANITARY DISTRICT

STAFF REPORT – 6A

DATE: April 22, 2026

TO: Board of Directors

FROM: John Weigold, General Manager
Bryce Swetek, Engineering Manager

SUBJECT: 2025 Sewer Main CIPP Lining Project – Amendments to Agreements

RECOMMENDATION:

It is recommended that the Board:

1. Authorize the General Manager to approve additional expenditures of up to \$15,926.60 (~27% of original Agreement amount) as an Amendment with Phoenix Civil Engineering for the Construction Management services for the District’s 2025 Sewer Main CIPP Lining (Project); and
2. Authorize the General Manager to approve additional expenditures of up to \$73,512.00 (~144% of original Agreement amount) as an Amendment with On-Track Solutions for Railroad Coordination services for the District’s 2025 Sewer Main CIPP Lining (Project).

DISCUSSION:

Background – The District began preliminary construction on the 2025 Sewer Main CIPP Lining project in December 2025, as part of the District’s Fiscal Year 2025-26 Capital Improvement Program. The Project will rehabilitate approximately 6,020 linear feet of 21-inch and 335 linear feet of 8-inch vitrified clay pipeline (VCP) using cured-in-place-pipe (CIPP) technology, along with manhole rehabilitation within District easements, Santa Barbara County right of way, Caltrans right-of-way, City of Santa Barbara right-of-way, and Union Pacific Railroad (UPRR) right-of-way.

The District officially kicked off construction for the project in UPRR right-of-way on March 16, 2026. Work within the UPRR right-of-way was initially projected for three weeks with a baseline of 8 hours; however, upon additional planning with field crews, as well as challenges in the field, work within the UPRR right-of-way has expanded to five weeks and three days, as well as expanded hours up to 16-hour shifts. All work within the UPRR

right-of-way is anticipated to be completed on April 22, 2026. The rest of the project construction is anticipated to be completed by May 4, 2026.

As a result of the additional length of project time, both from the prospective of days in the field, as well as extended hours per day, this has translated to additional construction management and railroad coordination efforts.

Phoenix Civil Engineering (Phoenix) is performing construction management for the project on behalf of the District. Per the attached additional service request (Attachment 1), Phoenix is requesting an additional \$10,000 to their existing agreement of \$59,296. This results in a new not-to-exceed amount of \$69,296. The District still would like to retain the previously authorized expenditures of up to \$5,929.60 or 10% of the original amount for any additional changes to scope. The addition of \$10,000 and \$5,929.60 equate to the total request for an additional expenditure amount of \$15,926.60.

On-Track Solutions is performing railroad coordination for the project on behalf of the District. Per the attached additional service request (Attachment 2), On-Track Solutions is requesting an additional \$68,400 to their existing agreement of \$51,120. This results in a new not-to-exceed amount of \$119,520. The District still would like to retain the previously authorized expenditures of up to \$5,112.00 or 10% of the original amount for any additional changes to scope. The addition of \$68,400 and \$5,112 equate to the total request for an additional expenditure amount of \$73,512.00.

Staff, including engineering and collections, has also incurred additional time to support the Project Team and respond to issues and demands related to the project.

Fiscal Impact – The 2025 Sewer Main CIPP Lining Project is included in the Fiscal Year 2025-26 Capital Improvement Plan budget for \$3,000,000. The following is a list of Agreements in place for this project:

Construction Role	Organization	Original Approved Agreement Amount	Pending Amendments/Change Orders
Contractor	Insituform	\$1,730,613	N/A
Construction Management	Phoenix Civil Engineering	\$59,296	\$10,000
Construction Inspection	Phoenix Civil Engineering	\$146,600	N/A
Engineering Services	Water Systems Consulting	\$57,491	N/A
Railroad Coordination	On Track Solutions	\$51,120	\$68,400
UPRR Engineering Observer and Flagging Services	RailPros	\$270,000	N/A

The total project construction cost per all the original agreements is \$2,315,120. The pending additional costs, as of this report, totals to \$78,400. This brings the total project construction cost to \$2,393,520. District anticipates additional costs for the project from Insituform and RailPros due to scope changes, though exact costs have not been confirmed. Potential for additional costs remains, including permitting, amendments, and change orders. With these costs in mind, significant flexibility with the Project budget remains to accommodate the anticipated costs.

Analysis – Justifications – Per the Background discussion above, both Phoenix and On-Track Solutions have been putting in additional work beyond the initial anticipated level of effort due to the conditions in the field.

Regarding Phoenix, in addition to the justification per their additional service request, Phoenix is managing a large Project Team as well as involving District staff to ensure a coordinated effort to successfully deliver the project. This coordination effort goes beyond the Project Team, including members of Caltrans, Granite Construction, the County of Santa Barbara, the City of Santa Barbara, individual property owners, and HOAs. The complexity and the challenges of the project are significant, and Phoenix has done an excellent job of keeping the project moving forward and has been of great value to the District.

Regarding On-Track Solutions, in addition to the justification per their additional service request, they have been instrumental in coordinating with UPRR and RailPros. They effectively facilitated work in the railroad right-of-way, despite the delays and challenges in the field. They have done an excellent job and have been a significant value to the District.

The amount requested from each firm is reasonable given the additional workload and project circumstances. Their roles and work on behalf of the District are critical to the success of the project. Staff recommends moving forward by executing these additional service requests.

DEPARTMENTS INVOLVED: Engineering, Collections, and Administration

ATTACHMENTS:

1. Phoenix – Additional Services Request
2. On-Track Solutions – Additional Services Request



Phoenix Civil Engineering, Inc.

535 East Main Street Santa Paula, California 93060 805.658.6800
info@phoenixcivil.com www.phoenixcivil.com

Bryce Swetek, PE
Montecito Sanitary District
1042 Monte Cristo Lane
Santa Barbara, CA 93108

April 15, 2026

Montecito Sanitary District – Proposal for CIPP - Construction Management Services – Fee Amendment

Dear Bryce-

This proposal is for additional Construction Management services for the CIPP Lining Project. Over the course of construction, additional effort and project coordination has been necessary to assist the District with the success of this project. The additional effort has included extensive pre-construction coordination with the UPRR, UPRR observing staff and the contractor. During construction there have been many delays and issues requiring more management time than could be foreseen. The project has exceeded the 30 days of construction CM and 30 days for start-up/close out as outlined in the original proposal. Phoenix has been diligent in trying to keep the project on track while keeping working hours to a minimum. Due to the extended duration of the project and the increased effort in contractor coordination, Phoenix is proposing an increase in fee of \$10,000.

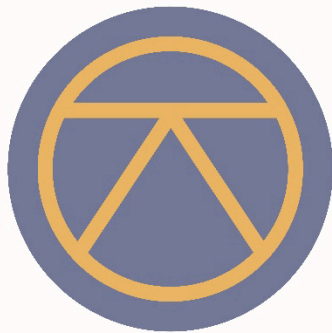
Our efforts will be reimbursed on a time and materials basis up to a proposed not to exceed fee of \$69,296.

I appreciate the opportunity to submit this proposal to assist you with District projects

Please let me know if you have any questions or would like to discuss my proposal.

Sincerely,

Jon Turner, PE
Principal Engineer



**ON TRACK
SOLUTIONS**

CHANGE ORDER / ADDITIONAL SERVICES REQUEST

Montecito Sanitary District

Sewer Line Maintenance Project within Union Pacific Railroad Right-of-Way

Prepared by: On Track Solutions, LLC

Date: April 16, 2026

Background

Montecito Sanitary District is currently performing sewer line maintenance activities within the **Union Pacific Railroad (UPRR) Right-of-Way (ROW)**. Construction activities within an active railroad corridor require continuous coordination between the contractor, District staff, Union Pacific Railroad representatives, and railroad-mandated third-party personnel.

On Track Solutions (OTS) has been serving as the District's **railroad coordination and construction support representative**, facilitating communication between all parties and assisting the contractor in maintaining compliance with UPRR safety protocols, right-of-way access requirements, and operational constraints.

The original scope of construction coordination services was based on a projected **three-week construction schedule at 8 hours per day**.

Unanticipated Project Conditions

Since the commencement of construction activities, several unforeseen conditions have required additional coordination beyond the originally anticipated scope.

1. Railroad Variance Requests

A substantial portion of the originally allocated construction coordination hours was consumed addressing **two unexpected variance requests required by Union Pacific Railroad**, including:

- **Additional access request to the UPRR Right-of-Way to facilitate installation of a sewer bypass system**
- **Request for approval to construct and utilize an earthen ramp from Highway 101 to access the UPRR Right-of-Way**

Each of these requests required coordination with UPRR departments, evaluation of field conditions, communication with the contractor and District staff, and facilitation of railroad review and approval.

These variance efforts were not included within the original construction coordination scope but were necessary to allow the project to proceed within railroad requirements.

2. Extended Construction Duration

The original construction schedule anticipated approximately **three weeks of work (15 days) within the UPRR ROW at 8 hour a day, with a majority portion being 16 hour days.**

Due to field conditions, railroad coordination requirements, and the additional variance requests described above, the current projected construction timeline has extended to approximately **seven weeks (35 days).**

Work within active railroad right-of-way requires consistent oversight and coordination to ensure compliance with railroad safety requirements and to facilitate communication between all involved parties during construction activities.

Construction Coordination Support

On Track Solutions continues to provide construction support services including:

- Acting as liaison between **Montecito Sanitary District, the contractor, Union Pacific Railroad representatives, and RailPros personnel**
- Assisting the contractor with compliance related to **UPRR right-of-way access requirements**
- Coordinating with **RailPros flagging and engineering observer personnel**
- Addressing field issues and coordinating responses with UPRR when necessary
- Facilitating communication between project stakeholders
- Participating in coordination meetings and providing field support during construction operations

Although On Track Solutions invoices construction coordination services based on eight hours per day, our team remained available and responsive for the full duration of construction activities occurring within the UPRR right-of-way. On several occasions, field operations extended to as much as 16 hours in a single day; however, OTS continued to provide support and coordination beyond billed hours at no additional cost (as reflected in the zero-sum change order) to help ensure construction activities proceeded safely and efficiently.

Requested Additional Services

To cover **hours already accrued due to the variance requests and schedule extension**, as well as **hours necessary to complete the remaining construction activities**, On Track Solutions is requesting authorization for additional construction coordination services as outlined below.

Additional Services Budget

Service	Hours	Rate	Total
Construction Coordination Field Support	190	\$360/hr	\$68,400

Reimbursable Expenses

Expense Item	Rate	Description
Lodging	\$200 per night	Lodging required during construction coordination activities
Mileage	\$0.70 per mile	Travel between Murrieta and Montecito project site

Reimbursable expenses will be invoiced **as incurred**.

Total Requested Amount

\$68,400

(Reimbursable expenses for lodging and mileage billed separately as incurred.)

Summary

The requested additional hours are necessary due to:

- **Two unanticipated variance requests required for construction access and bypass installation within UPRR ROW**
- **Extension of the construction schedule from three weeks to approximately seven weeks**
- Continued coordination required for work performed within an **active railroad right-of-way**

Approval of this change order will allow On Track Solutions to continue providing the necessary construction coordination support to ensure the project proceeds safely and in compliance with Union Pacific Railroad requirements.

Approval

Approved by:

Montecito Sanitary District

Date: _____



Montecito Sanitary District

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MONTECITO SANITARY DISTRICT

STAFF REPORT – 6B

DATE: April 22, 2026
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: Discussion of Southland Industries Contract Technical Memorandum #2 – Connection to El Estero Water Resource Center

RECOMMENDATION:

It is recommended that the Board discuss and provide direction to the General Manager regarding whether the District should proceed with the development of the Southland Industries technical memorandum #2.

DISCUSSION:

The District is in the process of assessing its wastewater treatment plant for modernization and upgrades and contracted with Southland Industries to assist in that endeavor. The Board approved a professional services contract with Southland Industries at its September 10, 2025 meeting.

As part of the contract (Attachment A, paragraph 5) in Southland Industries' scope of work is to provide Technical Memorandum #2 for a Constraints Analysis for a Connection to El Estero Water Resource Center. This includes the following services:

- Project Management, QC, and Meetings
- Data review and City of Santa Barbara coordination
- Treatment capacity evaluation
- Design criteria for pump station and force main
- Institutional and regulatory constraints
- Summary of major work efforts and schedule
- Draft and final technical memorandum

Subsequent to the execution of the contract with Southland Industries, the Board directed Staff to determine if the City of Santa Barbara is interested in the treatment of the

District's wastewater. Staff made the request of the City and the City of Santa Barbara's City Council will consider the item at its April 21, 2026 meeting (Attachment 2).

RECOMMENDATION:

Staff recommends that the Board discuss this matter and provide direction to the General Manager regarding whether the District should proceed with the development of the Southland Industries technical memorandum #2.

ATTACHMENT:

1. Southland Industries Professional Services Contract
2. City of Santa Barbara Staff report dated April 21, 2026 – Request by Montecito Sanitary District for a Wastewater Treatment Services Agreement

**PROFESSIONAL SERVICES AGREEMENT
FOR DESIGN PROFESSIONALS**

(Montecito Sanitary District / Southland Industries)

1. IDENTIFICATION

This PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is entered into by and between the Montecito Sanitary District, a California Special District (“District”), and Southland Industries, a California corporation (“Consultant”).

2. RECITALS

- 2.1. District has determined that it requires the following professional services from a consultant: An investment grade audit consisting of investigation, analysis, engineering, cost, and savings estimating and project planning activities that will allow Consultant and District to define the full scope of its project to develop and implement energy efficiency, process, and safety improvements to the wastewater treatment plant located at 1042 Monte Cristo Lane, Montecito, CA
- 2.2. Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.
- 2.3. Consultant represents that it has no known relationships with third parties, District Board members, or employees of the District which would (1) present a conflict of interest with the rendering of services under this Agreement under Government Code Section 1090, the Political Reform Act (Government Code Section 81000 *et seq.*), or other applicable law, (2) prevent Consultant from performing the terms of this Agreement, or (3) present a significant opportunity for the disclosure of confidential information.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, District and Consultant agree as follows:

3. DEFINITIONS

- 3.1. “Design Professional”: A Design Professional is any individual satisfying one or more of the following: (1) licensed as an architect pursuant to Business and Professions Code 5500 *et seq.*, (2) licensed as a landscape architect pursuant to Business and Professions Code 5615 *et seq.*, (3) licensed as a professional land surveyor pursuant to Business and Professions Code 8700 *et seq.*, or (4) registered as a professional engineer pursuant to Business and Professions Code 6700 *et seq.*
- 3.2. “Scope of Services”: Such professional services as are set forth in Exhibit A and incorporated herein by this reference.

- 3.3. “Agreement Administrator”: The Agreement Administrator for this project is Bryce Swetek, District Engineer. The Agreement Administrator shall be the principal point of contact at the District for this project. All services under this Agreement shall be performed at the request of the Agreement Administrator. The Agreement Administrator will establish the timetable for completion of services and any interim milestones. District reserves the right to change this designation upon written notice to Consultant
- 3.4. “Approved Fee Schedule”: Consultant’s compensation rates are set forth in the fee schedule attached hereto as Exhibit B and incorporated herein by this reference. This fee schedule shall remain in effect for the duration of this Agreement unless modified in writing by mutual agreement of the parties.
- 3.5. “Maximum Amount”: The highest total compensation and costs payable to Consultant by District under this Agreement. The Maximum Amount under this Agreement is One Million Six Hundred Seventy Five Thousand Two Hundred Thirty Dollars (\$1,675,230.00).
- 3.6. “Commencement Date”: August 1, 2025.
- 3.7. “Termination Date”: July 31, 2027

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Termination Date unless extended by written agreement of the parties or terminated earlier under Section 18 (“Termination”) below. Consultant may request extensions of time to perform the services required hereunder. Such extensions shall be effective if authorized in advance by District in writing and incorporated in written amendments to this Agreement. The milestones and corresponding dates in Exhibit C are for planning purposes only and are not intended to be a material part of this Agreement.

5. CONSULTANT’S DUTIES

- 5.1. **Services.** Consultant shall perform the services identified in the Scope of Services. District shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.
- 5.2. **Coordination with District.** In performing services under this Agreement, Consultant shall coordinate all contact with District through its Agreement Administrator.
- 5.3. **Budgetary Notification.** Consultant shall notify the Agreement Administrator, in writing, when fees and expenses incurred under this Agreement have reached eighty percent (80%) of the Maximum Amount. Consultant shall concurrently

inform the Agreement Administrator, in writing, of Consultant's estimate of total expenditures required to complete its current assignments before proceeding, when the remaining work on such assignments would exceed the Maximum Amount.

- 5.4. **Professional Standards.** Consultant shall perform all work consistent with the degree of care and skill ordinarily exercised by other similar professionals providing the same or similar services under the same or similar circumstances. Consultant shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of this Agreement, including all Cal/OSHA requirements, the conflict of interest provisions of Government Code § 1090 and the Political Reform Act (Government Code § 81000 et seq.).
- 5.5. **Campaign Contributions.** This Agreement is subject to Government Code section 84308, as amended by Senate Bill 1439 (2022), Senate Bill 1181 (2024), and Senate Bill 1243 (2024). Consultant shall disclose any contribution to an elected or appointed District official's campaign or committee in an amount of more than five hundred dollars (\$500) made within 12 months preceding the Commencement Date, by Consultant, its, her, or his agent, or another party affiliated with Consultant. Consultant shall provide a signed copy of the attached Campaign Contribution Disclosure Form to District prior to, or concurrent with, Consultant's execution of this Agreement and no later than the Commencement Date.
- 5.6. **Avoid Conflicts.** During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if such work would present a conflict interfering with performance under this Agreement. However, District may consent in writing to Consultant's performance of such work.
- 5.7. **Appropriate Personnel.** Consultant has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Brent Patera shall be Consultant's project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant's project administrator without District's prior written consent.
- 5.8. **Substitution of Personnel.** Any persons named in the proposal or Scope of Services constitutes a promise to the District that those persons will perform and coordinate their respective services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of District. If District and Consultant cannot agree as to the substitution of key personnel, District may terminate this Agreement for cause.

- 5.9. **Permits and Approvals.** Consultant shall be responsible for applying for, at its sole cost and expense, all permits and regulatory approvals necessary for Consultant's performance of this Agreement. This includes, but shall not be limited to, professional licenses, encroachment permits and building and safety permits and inspections.
- 5.10. **Notification of Organizational Changes.** Consultant shall notify the Agreement Administrator, in writing, of any change in name, ownership or control of Consultant's firm or of any subcontractor. Change of ownership or control of Consultant's firm may require an amendment to this Agreement.
- 5.11. **Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to District under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement. All such documents shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of District. In addition, pursuant to Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars, all such documents and this Agreement shall be subject to the examination and audit of the State Auditor, at the request of District or as part of any audit of District, for a period of three (3) years after final payment under this Agreement.

6. SUBCONTRACTING

- 6.1. **General Prohibition.** This Agreement covers professional services of a specific and unique nature. Except as otherwise provided herein, Consultant shall not assign or transfer its interest in this Agreement or subcontract any services to be performed without amending this Agreement.
- 6.2. **Consultant Responsible.** Consultant shall be responsible to District for all services to be performed under this Agreement.
- 6.3. **Identification in Fee Schedule.** All subcontractors shall be specifically listed and their billing rates identified in the Approved Fee Schedule, Exhibit B. Any changes must be approved by the Agreement Administrator in writing as an amendment to this Agreement.

7. COMPENSATION

- 7.1. **General.** District agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept payment in accordance with the Fee Schedule in full satisfaction for such services. Compensation shall not exceed the Maximum Amount. Consultant shall not be reimbursed for any expenses unless provided for in this Agreement or authorized in writing by District in advance.

- 7.2. **Invoices.** Consultant shall submit to District an invoice, on a monthly basis or as otherwise agreed to by the Agreement Administrator, for services performed pursuant to this Agreement. Each invoice shall identify the Maximum Amount, the services rendered during the billing period, the amount due for the invoice, and the total amount previously invoiced. Contractor shall invoice monthly based on percent complete for the tasks listed in Exhibit B (Fee Schedule).
- 7.3. **Taxes.** District shall not withhold applicable taxes or other payroll deductions from payments made to Consultant except as otherwise required by law. Consultant shall be solely responsible for calculating, withholding, and paying all taxes.
- 7.4. **Disputes.** The parties agree to meet and confer at mutually agreeable times to resolve any disputed amounts contained in an invoice submitted by Consultant.
- 7.5. **Additional Work.** Consultant shall not be reimbursed for any expenses incurred for work performed outside the Scope of Services unless prior written approval is given by the District through a fully executed written amendment. Consultant shall not undertake any such work without prior written approval of the District.

8. PREVAILING WAGES

Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects including the design and preconstruction phases of a covered public works project. Consultant shall defend, indemnify, and hold the District, its elected officials, officers, employees, and agents free and harmless from any claim or liability arising out of any failure or alleged failure of Consultant to comply with the Prevailing Wage Laws.

9. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material, and all electronic files, including computer-aided design files, developed by Consultant in the performance of this Agreement (such written material and electronic files are collectively known as “written products”) shall become, upon full payment to Consultant for the amounts owed under this Agreement, and remain the property of District without restriction or limitation upon its use or dissemination by District except as provided by law. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant. Reuse or modification of any such written products by District shall be at District’s sole risk, and District agrees to indemnify and hold harmless the Consultant from all claims, damages and expenses, including attorneys’ fees, arising out of such reuse by District or by others acting through District.

10. RELATIONSHIP OF PARTIES

- 10.1. **General.** Consultant is, and shall at all times remain as to District, a wholly independent contractor.

- 10.2. **No Agent Authority.** Consultant shall have no power to incur any debt, obligation, or liability on behalf of District or otherwise to act on behalf of District as an agent. Neither District nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not represent that it is, or that any of its agents or employees are, in any manner employees of District.
- 10.3. **Independent Contractor Status.** Under no circumstances shall Consultant or its employees look to the District as an employer. Consultant shall not be entitled to any benefits. District makes no representation as to the effect of this independent contractor relationship on Consultant's previously earned California Public Employees Retirement System ("CalPERS") retirement benefits, if any, and Consultant specifically assumes the responsibility for making such a determination. Consultant shall be responsible for all reports and obligations including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation, and other applicable federal and state taxes.
- 10.4. **Indemnification of CalPERS Determination.** In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or CalPERS to be eligible for enrollment in CalPERS as an employee of the District, Consultant shall indemnify, defend, and hold harmless District for the payment of any employee and/or employer contributions for CalPERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of District.

11. INDEMNIFICATION

- 11.1. **Definitions.** For purposes of this Section 11, "Consultant" shall include Consultant, its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either Consultant or its subcontractors, in the performance of this Agreement. "District" shall include District, its board, officials, officers, agents, employees and volunteers.
- 11.2. **Consultant to Indemnify District.** Where the services to be provided by Consultant under this Agreement are design professional services, as that term is defined under Civil Code Section 2782.8, Consultant agrees to indemnify and hold harmless, the District, its officers, officials, employees and volunteers from any and all claims, demands, costs or liability but only to the extent caused by the negligence, recklessness or willful misconduct of Consultant and its agents in the performance of services under this contract, but this indemnity does not apply to liability for damages for bodily injury, property damage or other loss, arising from the sole negligence, active negligence or willful misconduct by the District, its officers, official employees, and volunteers. If it is finally adjudicated that liability is caused by the negligence or willful misconduct of Consultant, then

Consultant shall reimburse the District for defense costs incurred by the District, which shall not exceed Consultant's proportionate percentage of fault.

As respects all acts or omissions which do not arise directly out of the performance of design professional services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, and to the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the District, its board, officers, officials, agents, employees, and volunteers from and against any claims, demands, losses, liability of any kind or nature (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including reasonable attorney's fees and costs, court costs, interest, defense costs, and expert witness fees) where the same arise out of, are in connection with, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or sub-contractors of Consultant, excepting those which arise out of the active negligence, sole negligence or willful misconduct of the District, its board, officers, officials, employees and volunteers.

- 11.3. **Scope of Indemnity.** Personal injury shall include injury or damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, Property damage shall include injury to any personal or real property. Consultant shall not be required to indemnify District for such loss or damage as is caused by the sole active negligence or willful misconduct of the District. If it is finally adjudicated that liability is caused by the comparative negligence or willful misconduct of an indemnified party, then Consultant's indemnification obligation shall be reduced in proportion to the established comparative liability.
- 11.4. **Waiver of Statutory Immunity.** The obligations of Consultant under this Section 11 are not limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to District.
- 11.5. **Indemnification by Subcontractors.** Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 11 from each and every subcontractor or any other person or entity involved in the performance of this Agreement on Consultant's behalf.
- 11.6. **Insurance Not a Substitute.** District does not waive any indemnity rights by accepting any insurance policy or certificate required pursuant to this Agreement. Consultant's indemnification obligations apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

- Personal & Advertising Injury \$1,000,000
- Each Occurrence \$1,000,000
- Fire Damage (any one fire) \$ 50,000
- Medical Expense (any 1 person) \$ 5,000

- Workers' Compensation:
 - Workers' Compensation Statutory Limits
 - EL Each Accident \$1,000,000
 - EL Disease - Policy Limit \$1,000,000
 - EL Disease - Each Employee \$1,000,000

- Automobile Liability
 - Any vehicle, combined single limit
\$1,000,000

Any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements or limits shall be available to the District as additional insured. Furthermore, the requirements for coverage and limits shall be the greater of (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured

- 12.4. **General Liability Insurance.** Commercial General Liability Insurance shall be no less broad than ISO form CG 00 01. Coverage must be on a standard Occurrence form. Claims-Made, modified, limited or restricted Occurrence forms are not acceptable.
- 12.5. **Worker's Compensation Insurance.** Consultant is aware of the provisions of Section 3700 of the Labor Code which requires every employer to carry Workers' Compensation (or to undertake equivalent self-insurance), and Consultant will comply with such provisions before commencing the performance of the work of this Agreement. If such insurance is underwritten by any agency other than the State Compensation Fund, such agency shall be a company authorized to do business in the State of California.
- 12.6. **Automobile Liability Insurance.** Covered vehicles shall include owned if any, non-owned, and hired automobiles and, trucks.
- 12.7. **Professional Liability Insurance or Errors & Omissions Coverage.** The deductible or self-insured retention may not exceed \$500,000. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work. Coverage shall be continued for two years after the completion of the work by one of the following: (1) renewal of the existing

policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the work under this Agreement.

- 12.8. **Claims-Made Policies.** If any of the required policies provide coverage on a claims-made basis the Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work. Claims-Made Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.
- 12.9. **Additional Insured Endorsements.** The District, its Board of Directors, Commissions, officers, and employees of the District must be endorsed as an additional insured for each policy required herein, other than Professional Errors and Omissions, for liability arising out of ongoing and completed operations by or on behalf of the Consultant. Consultant’s insurance policies shall be primary as respects any claims related to or as the result of the Consultant’s work. Any insurance, pooled coverage or self-insurance maintained by the District, its elected or appointed officials, directors, officers, agents, employees, volunteers, or consultants shall be non-contributory. All endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. General liability coverage can be provided using an endorsement to the Consultant’s insurance at least as broad as ISO Form CG 20 10 07 04 or both CG 20 10 and CG 07 04.
- 12.10. **Failure to Maintain Coverage.** In the event any policy is canceled prior to the completion of the project and the Consultant does not furnish a new certificate of insurance prior to cancellation, District has the right, but not the duty, to obtain the required insurance and deduct the premium(s) from any amounts due the Consultant under this Agreement. Failure of the Consultant to maintain the insurance required by this Agreement, or to comply with any of the requirements of this section, shall constitute a material breach of this Agreement.
- 12.11. **Notices.** Consultant shall provide immediate written notice if (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; (3) or the deductible or self-insured retention is increased. Consultant shall provide no less than 30 days’ notice of any cancellation or material change to policies required by this Agreement. Consultant shall provide proof that cancelled or expired policies of insurance have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages. The name and address for Additional Insured Endorsements, Certificates of Insurance and Notices of Cancellation is: Montecito Sanitary District, Attn: Bryce Swetek, District Engineer, 1042 Monte Cristo Lane, Santa Barbara, CA 93108.

- 12.12. **Consultant's Insurance Primary.** The insurance provided by Consultant, including all endorsements, shall be primary to any coverage available to District. Any insurance or self-insurance maintained by District and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.
- 12.13. **Waiver of Subrogation.** Consultant hereby waives all rights of subrogation against the District. Consultant shall additionally waive such rights either by endorsement to each policy or provide proof of such waiver in the policy itself.
- 12.14. **Report of Claims to District.** Consultant shall report to the District, in addition to the Consultant's insurer, any and all insurance claims submitted to Consultant's insurer in connection with the services under this Agreement.
- 12.15. **Premium Payments and Deductibles.** Consultant must disclose all deductibles and self-insured retention amounts in excess of \$500,000 to the District. The District may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within retention amounts. Ultimately, District must approve all such amounts prior to execution of this Agreement.

District has no obligation to pay any premiums, assessments, or deductibles under any policy required in this Agreement. Consultant shall be responsible for all premiums and deductibles in all of Consultant's insurance policies. The amount of deductibles for insurance coverage required herein are subject to District's approval.

- 12.16. **Duty to Defend and Indemnify.** Consultant's duties to defend and indemnify District under this Agreement shall not be limited by the foregoing insurance requirements and shall survive the expiration or early termination of this Agreement.

13. MUTUAL COOPERATION

- 13.1. **District Cooperation in Performance.** District shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services under this Agreement.
- 13.2. **Consultant Cooperation in Defense of Claims.** If any claim or action is brought against District relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that District may require in the defense of that claim or action.

14. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, electronic mail or overnight courier service during

Consultant's and District's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to District
Montecito Sanitary District
Attn: Bryce Swetek
District Engineer
1042 Monte Cristo Lane
Santa Barbara, CA 93108

If to Consultant
Southland Industries
Attn: Brent Patera
Account Executive
16835 West Bernardo Dr., Suite 210
San Diego, CA 92127
Telephone: 415-265-7232
Email: bpatera@southlandind.com

With courtesy copy to:

Aleks R. Giragosian, Esq.
Montecito Sanitary District General Counsel
Colantuono, Highsmith & Whatley, PC
790 E. Colorado Blvd., Ste. 850
Pasadena, Angeles, CA 91101
Telephone: (213) 542-5700
Email: agiragosian@chwlaw.us

15. SURVIVING COVENANTS

The parties agree that the covenants contained in paragraph 5.11 (Records), paragraph 10.4 (Indemnification of CalPERS Determination), Section 11 (Indemnity), paragraph 12.8 (Claims-Made Policies), paragraph 13.2 (Consultant Cooperation in Defense of Claims), paragraph 12.13 (Waiver of Subrogation), paragraph 12.6 (Automobile Liability Insurance), Section 15 (Surviving Covenants), Section 17 (Interpretation of Agreement), and Section 18 (General Provisions) of this Agreement shall survive the expiration or termination of this Agreement, subject to the provisions and limitations of this Agreement and all otherwise applicable statutes of limitations and repose.

16. TERMINATION

16.1. **District Termination.** District may terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All District data, documents, objects, materials or other tangible things shall be returned to District upon the termination or expiration of this Agreement.

- 16.2. **Consultant Termination.** Consultant may terminate this Agreement for a material breach by the District of this Agreement upon 30 days' notice.
- 16.3. **Compensation Following Termination.** Upon termination, Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement. The District shall have the benefit of such work as may have been completed up to the time of such termination.
- 16.4. **Remedies.** District retains any and all available legal and equitable remedies for Consultant's breach of this Agreement.

17. INTERPRETATION OF AGREEMENT

- 17.1. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.
- 17.2. **Integration of Exhibits.** All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the provisions of this Agreement and its exhibits, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between District and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed on by District and Consultant.
- 17.3. **Headings.** The headings and captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the language of the section or paragraph shall control and govern in the construction of this Agreement.
- 17.4. **Pronouns.** Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).
- 17.5. **Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to the extent necessary to, cure such invalidity or unenforceability, and shall be enforceable in its amended form. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

- 17.6. **No Presumption Against Drafter.** Each party had an opportunity to consult with an attorney in reviewing and drafting this agreement. Any uncertainty or ambiguity shall not be construed for or against any party based on attribution of drafting to any party.

18. GENERAL PROVISIONS

- 18.1. **Confidentiality.** All data, documents, discussion, or other information developed or received by Consultant for performance of this Agreement are deemed confidential and Consultant shall not disclose it without prior written consent by District. District shall grant such consent if disclosure is legally required. All District data shall be returned to District upon the termination or expiration of this Agreement.
- 18.2. **Conflicts of Interest.** Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subcontractor to file, a Statement of Economic Interest with the District's Filing Officer if required under state law in the performance of the services. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer, or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.
- 18.3. **Non-assignment.** Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without District's prior written consent, and any attempt to do so shall be void and of no effect. District shall not be obligated or liable under this Agreement to any party other than Consultant.
- 18.4. **Binding on Successors.** This Agreement shall be binding on the successors and assigns of the parties.
- 18.5. **No Third-Party Beneficiaries.** Except as expressly stated herein, there is no intended third-party beneficiary of any right or obligation assumed by the parties.
- 18.6. **Time of the Essence.** Time is of the essence for each and every provision of this Agreement.
- 18.7. **Non-Discrimination.** Consultant shall not discriminate against any employee or applicant for employment because of race, sex (including pregnancy, childbirth, or related medical condition), creed, national origin, color, disability as defined by law, disabled veteran status, Vietnam veteran status, religion, age (40 and above),

medical condition (cancer-related), marital status, ancestry, or sexual orientation. Employment actions to which this provision applies shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; or in terms, conditions or privileges of employment, and selection for training. Consultant agrees to post in conspicuous places, available to employees and applicants for employment, the provisions of this nondiscrimination clause.

- 18.8. **Waiver.** No provision, covenant, or condition of this Agreement shall be deemed to have been waived by District or Consultant unless in writing signed by one authorized to bind the party asserted to have consented to the waiver. The waiver by District or Consultant of any breach of any provision, covenant, or condition of this Agreement shall not be deemed to be a waiver of any subsequent breach of the same or any other provision, covenant, or condition.
- 18.9. **Excused Failure to Perform.** Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in District's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.
- 18.10. **Remedies Non-Exclusive.** Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance from the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any or all of such other rights, powers or remedies.
- 18.11. **Attorneys' Fees.** If legal action shall be necessary to enforce any term, covenant or condition contained in this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs expended in the action.
- 18.12. **Venue.** The venue for any litigation shall be Santa Barbara County, California and Consultant hereby consents to jurisdiction in Santa Barbara County for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.
- 18.13. **Counterparts; Electronic Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument. The parties acknowledge and agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, "electronic signature" shall include faxed or emailed versions of an original signature, electronically scanned and transmitted versions (e.g., via pdf) of an original signature, or a digital signature.

(Signature page follows)

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“DISTRICT”

Montecito Sanitary District

Authorized Signatories:

Signature: 
1475CD41AAEB4D9...

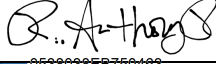
Printed: John Weigold

Title: General Manager

Date: 10/10/2025

“CONSULTANT”

Southland Industries


Signature: 
0538038EB750405...

Printed: Anthony Roner

Title: Vice President

Date: 10/15/2025

Attest:

Signature: 
6814397E00BF465...

Printed: Stephen Williams

Title: District Clerk

Date: 10/14/2025

Approved as to Form:

Signature: 
1CE7304209D64D7...

Printed: Aleks Giragosian

Title: District Counsel

Date: 10/11/2025

EXHIBIT A

SCOPE OF SERVICES

The purpose of the Investment Grade Audit is to provide analysis to determine the selected scope of work for the Montecito Sanitary District WWTP Improvement Project. This will include review of plant operating and energy consumption data, analysis and comparison of various equipment options, sizing of selected equipment, arrangement of equipment and processes on site, development of process flow diagrams and estimated cost and utility savings for the project. As a result of review and approval of the IGA, the Montecito Sanitary District and Southland Industries will be able to select the scope of work for the Project that will move forward into the Engineering Design and Pricing Phase and ultimately into Construction.

- 1) Energy Conservation Measures (ECMs): Contractor will evaluate the Ten (10) ECMs at the Montecito Sanitary District owned wastewater treatment plant located at 1042 Monte Cristo Lane, Montecito, CA, shown in Table 1 below.

Table 1: Energy Conservation Measures

ECM ID	Process Area	ECM Description
1	Headworks	Energy, Process Improvement, Modernization
2	Aeration Basins	Energy, Modernization
3	Clarifiers	Energy, Process Improvement, Modernization
4	RAS & WAS Pumps	Energy, Process Improvement, Modernization
5	Sludge Thickening	Energy, Process Improvement, Modernization
6	Solids Dewatering	Process Improvement, Modernization
7	Chlorine Contact Basins	Safety, Modernization
8	General Improvements	Safety, Modernization
9	Electrical Service/Motor Control Center/Control System Improvements	Energy, Improvements, Safety, Modernization
10	Energy Opportunities	Solar PV and Battery Energy Storage System, Building Efficiency

2) General IGA Activities:

- a) Contractor will host an IGA Kick-off meeting to review the goals, scope, schedule, and logistical plans for the IGA Phase.
- b) Contractor will host regular update meetings with Owner throughout the Term of the IGA to ensure that Owner is aware of the status of the IGA work. These meetings will be used to review preliminary analysis, compare options, and make decisions in development of the scope of work of The Project.
- c) Contractor will conduct staff interviews and site audits as necessary to establish an understanding of the plant's operation and process requirements.
- d) Contractor will conduct site visits as required to meet with site personnel, collect facility information, take measurements, install data collection equipment, and meet with subcontractors.
- e) Contractor will present the IGA findings to Owner at 45% and 90% milestones to review analysis, potential treatment options, development of cost and savings estimates, and other pertinent information prior to developing the final IGA Report.
- f) Contractor will Deliver a final IGA Report to Owner as described in Section 4) IGA Deliverables.

3) Owner Responsibilities:

- a) Specified facility data/information will be made available in a timely fashion including utility bills, facility construction drawings, equipment data, and operations and maintenance data.
- b) Owner will arrange and provide access for Contractor, and consulting personnel to all facility areas and equipment as needed to complete the work.
- c) Appropriate personnel will be available during the site visits and meetings and will also be available by email and telephone for follow-up consultations.
- d) Any additional work requested by the Owner will be priced based on the agreed SOW.
- e) Owner will provide available data and conduct requested activities (including flow monitoring, pressure monitoring/recording, laboratory analyses, and other tests) if required for development and/or design. Contractor to provide testing protocols for use in collecting this data.

4) IGA Deliverables: The Investment Grade Audit Report shall include the following:

- a) A thorough description of the recommended ECMs including equipment sizing and selection and the proposed location for the equipment.
- b) Preliminary design documents including:
 - i) Draft process flow diagrams for the plant and system operation
 - ii) Site layout and equipment layout drawings
 - iii) Draft specifications for major equipment

- c) Estimates of costs for design and installation for each ECM based on equipment quotations and collaboration with potential installation subcontractors.
- d) Development of an energy baseline summarizing up to three years of historical data, then calibrating consumption models of equipment to match the historical data within +/- 10% on an annual basis.
- e) Estimated annual energy and operational cost and/or cost savings.
- f) Estimated construction schedule and preliminary review of phasing options for implementation.
- g) Review of necessary regulatory approvals and permitting requirements.
- h) Attachments and/or appendices with relevant information such as equipment cutsheets and supplemental calculations.

5) Technical Memorandum #1 – Basis of Design

- a) A Technical Memorandum will be developed that comprises the basis of design for plant improvements. Design criteria will include plant flows and loading from the existing service area, potential infill or increases in flows and loads, the possible addition of the Summerland community, and address future phasing for recycled water. The basis of design will provide information critical in evaluating alternatives and sizing the various process improvements addressed in subsequent ECMs.

6) Technical Memorandum #2 – Constraints Analysis – Connection to El Estero Water Resource Center

This Technical Memorandum will include the following services:

- Project Management, QC, and Meetings
- Data review and City of Santa Barbara coordination
- Treatment capacity evaluation
- Design criteria for pump station and force main
- Institutional and regulatory constraints
- Summary of major work efforts and schedule
- Draft and final technical memorandum

7) ECM Specific IGA Activities

- a) ECM 1: Headworks - Energy, Process Improvement, Modernization
 - i) Develop preliminary engineering and evaluation of alternatives to include:
 - (1) Wet Well Alternative 1 - New wet well and two/three submersible pumps with variable frequency drives (VFDs), or
 - (2) Wet Well Alternative 2 - New wet well/ dry well configuration with immersible pumps and VFDs
 - (3) Screen Alternative 1 - Deep mechanical screens (up to three manufacturers/ types)

- (4) Screen Alternative 2 - Shallow mechanical screens in new structures with channels and bypassing (up to three manufacturers/ types)
 - (5) Grit Removal Alternative 1 - Cyclone separator
 - (6) Grit Removal Alternative 2 - Conventional aerated grit chamber
 - (7) Approach and benefits of equalization storage
- b) ECM 2: Aeration Basins - Energy, Modernization
- i) Develop preliminary engineering and evaluation of alternatives to include:
 - (1) Replace aeration basins
 - (2) Size new blowers with variable frequency drives and dissolved oxygen controls
 - (3) New piping and diffusers
- c) ECM 3: Clarifiers - Process Improvement, Modernization
- i) Develop preliminary engineering and evaluation of alternatives to include:
 - (1) Replace existing clarifiers
 - (a) Alternative 1 - Circular Clarifiers
 - (b) Alternative 2 - Rectangular Clarifiers
 - (2) Install new more energy efficient scrapers
- d) ECM 4: RAS & WAS Pumps - Energy, Process Improvement, Modernization
- i) Preliminary engineering to include:
 - (1) Remove drum screen
 - (2) Install new RAS and WAS pumps
 - (3) Remove rotary screen feed pump
 - (4) Replace RAS/WAS pump pit
- e) ECM 5: Sludge Thickening - Energy, Process Improvement, Modernization
- i) Preliminary engineering and evaluation of alternatives to include:
 - (1) Discontinue routine use of aerobic digester but keep for emergency sludge storage
 - (2) Replace existing DAFT with a mechanical thickener
 - (3) Alternative 1 - No action (Optimize existing DAFT)
 - (4) Alternative 2- Install Screw Type Thickener
 - (5) Alternative 3 - Install Gravity Thickener
- f) ECM 6: Solids Dewatering - Process Improvement, Modernization
- i) Preliminary engineering and evaluation of alternatives to include:
 - (1) Alternative 1 - No action (Optimize existing belt filter press)

- (2) Alternative 2 - Install New Belt Filter Press
 - (3) Alternative 2 - Install Screw Press
 - (4) Alternative 3 - Install Centrifuge
- g) ECM 7: Chlorine Contact Basins - Safety, Modernization
 - i) Preliminary engineering to include:
 - (1) Replace chlorine contact basins
 - (2) Replace chemical metering pumps and storage systems
 - (3) Replace flash mixers
- h) ECM 8: General Treatment Plant Improvements - Safety, Modernization
 - i) This ECM applicable to areas at and around Outfall Condition Assessment/Repair, Plant Water, and Stormwater Management.
 - ii) Preliminary engineering to include:
 - (1) Ocean outfall condition assessment & repairs
 - (2) Conceptual plant water system improvements
 - (3) Conceptual plant drainage management
- i) ECM 9: Electrical Service/Motor Control Center/Control System Improvements - Safety, Modernization
 - i) This scope is to design new electrical, controls and instrumentation for the new and modified processes noted above which will require:
 - (1) Determining the path for the new electrical power distribution
 - (2) Locating motor control centers near the associated equipment
 - (3) Designing control and instrumentation equipment for the affected areas
 - ii) Preliminary engineering for electrical, instrumentation, and control services will include the following:
 - (1) Electrical service and distribution drawings
 - (2) Motor control center layouts, panel boards, and motor/valve wiring schematics
 - (3) Conduit schedules and conduit path layouts for new and modified control panels for new and modified processes identified above
 - (4) Detailed communications diagrams for new and modified control equipment and Specifications for electrical, controls, and instrumentation aspects of the project
 - (5) Specifications for the electrical, controls, and instrumentation aspects of the project.
- j) ECM 10: Energy Opportunities - Solar PV and Battery Energy Storage System, Building Efficiency

- i) This scope is to design a new solar PV and battery energy storage system as part of an overall energy strategy that promotes responsible use and protection of the natural environment through sustainable practices and conservation efforts. During the IGA, design team will evaluate a solar PV system and battery energy storage system that will produce sufficient electricity to match the “post-improvement” baseline of the plant. The team will also consider a Battery Energy Storage System (BESS) to minimize net metering to Southern California Edison (SCE) and address peak demand charges. The actual location of the solar PV system will depend on the overall design of the proposed improvements.
- ii) Scope of Work
 - (1) Preliminary engineering for solar PV and battery energy storage system
 - (2) Preliminary layouts for the solar PV and battery energy storage system
 - (3) Evaluation of building systems such as HVAC and lighting, and recommendations for upgrading to energy efficient alternatives
- k) Supplemental Tasks
 - i) Task 11: Alternatives Evaluation and Pricing – during the IGA phase, this task will be divided into the following two categories:
 - (1) Mechanical/Electrical/Controls: This category includes ECM’s 4, 6, 9, and 10. This task includes developing and using bid documents for these ECMs to provide a high level of price certainty. The level of design required can be generally described as Design Development with the ultimate objective of providing the District with a firm-fixed price for this work based on proposals from subcontractors and equipment suppliers. Evaluation criteria will be developed in concert with District staff and will likely include footprint, operability, lifecycle cost, complexity, and other criteria directed by District staff. Major decisions will be documented after the 45% workshop and design development will be pursued to a 30-60% level of design depending on the alternatives selected and the level of detail needed to bid each project.
 - (2) Civil/Concrete Basins: This category includes ECM’s 1-3, 5, 7, and 8. This task includes recommendations and evaluation of alternatives for process areas involving major structural systems such as headworks and new basins. Alternative processes or equipment will be considered and reviewed with District staff in a workshop format. Evaluation criteria will be developed in concert with District staff and will likely include footprint, operability, lifecycle cost, complexity, and other criteria directed by District staff. Major decisions will be documented after the 45% workshop.
 - ii) Task 12 - Workshops: Workshops will be conducted to review findings and make decisions to facilitate further design and development of the selected alternatives. The Workshops are defined as:
 - (1) Basis for Design: At this Workshop we will review the Technical Memorandum that describes the basis of design for plant improvements.

- (2) 45% IGA Workshop: At this Workshop, the team will review the analysis of alternatives being considered. Major decisions will be documented after the workshop and design development for Mechanical/Electrical/Controls work will be pursued to a 30-60% level of design depending on the alternatives selected as described in Task 11: Alternatives Evaluation and Pricing. This Workshop shall “validate” the basis for design.
- (3) 90% IGA Workshop: This Workshop shall present the draft results of the analysis, preliminary design, and pricing for the identified ECMs inclusive the alternatives selected by the District in the 45% IGA Workshop. Feedback from the District will be incorporated into the Draft IGA Report.

iii) Task 13: Project Management

- (1) This task will include project management, quality control, site visits, client meetings, geotechnical services, and surveying services. These efforts are performed to support all the process areas and plant areas to be addressed during preliminary design and development of bid documents. An allowance for identification of permits and for support in completing and submitting applications.
- (2) A detailed schedule will be developed encompassing the design, permitting, construction and commissioning of the project.
- (3) Up to three (3) site visits will be scheduled at different treatment plants to evaluate equipment in service across as many treatment process areas as possible, in order to efficiently use District staff’s time. It is assumed these visits will be within a driving distance (up to three hours) from the District office.

Up to four (4) quarterly presentations to the Board of Directors (up to four) will be provided for project status updates.

EXHIBIT B

FEE SCHEDULE

Milestone	FEATURE OF CONTRACT WORK	Price
0	General Mobilization & Data Collection	\$79,523
1	Technical Memorandums 1 and 2	\$111,178
2	Basis for Design - Development and Workshop	\$41,781
3	45% IGA – Development, and Workshop <ul style="list-style-type: none"> • Treatment System Comparison Analysis • Preliminary Cost Estimating • Preliminary Utility Savings Analysis 	\$320,367
4	90% IGA – Development and Workshop <ul style="list-style-type: none"> • Plant Surveys and Dive Inspection • Preliminary Equipment Sizing and Selections • Preliminary Engineering Drawings • Permitting Assessment • Revised Cost Estimating • Revised Utility Savings Analysis 	\$896,284
5	Draft IGA Report - Development and Delivery <ul style="list-style-type: none"> • Summarize Technical/Financial Analysis • Staff Review • Board Workshops 	\$127,260
6	Final IGA Report - Modification and Delivery <ul style="list-style-type: none"> • Summarize Technical/Financial Analysis • Staff Review • A&O Committee Review • Incorporate redline • Production and delivery of report • Board Workshops • Develop Design/Build Contract 	\$98,837
	TOTALS	\$1,675,230

EXHIBIT C
IGA ESTIMATED MILESTONE SCHEDULE

MILESTONE	Date	Duration (months)
General Mobilization & Data Collection	9/1/2025	
Technical Memorandums 1 and 2	11/30/2025	3 and 5
Basis for Design Workshop	11/30/2025	3
45% IGA Workshop	2/28/2026	6
90% IGA Workshop	8/31/2026	12
Complete Draft IGA Report	8/31/2026	12
Complete Final IGA Report	11/30/2026	15

1. CAMPAIGN CONTRIBUTION DISCLOSURE PROVISIONS

Cities are subject to the campaign disclosure provisions detailed in Government Code Section 84308.

Please carefully read the following information to determine if the provisions apply to you. If you determine that the provisions are applicable, the Campaign Disclosure Form must be completed and returned to the District with your application.

1. No District board member shall accept, solicit, or direct a contribution of more than \$500 from any party,¹ financially interested participant,² or agent³ while a proceeding is pending or for 12 months subsequent to the date a final decision is rendered by the District. This prohibition commences when your application has been filed, or the proceeding is otherwise initiated.
2. A party to a District proceeding shall disclose on the record of the proceeding any contribution of more than \$500 made to any board member by the party, or agent, during the preceding 12 months. No party to or participant in a District proceeding shall make a contribution of more than \$500 to a board member during the proceeding and for 12 months following the date a final decision is rendered by the District. No agent to a party or participant shall make a contribution in any amount to a board member during the proceeding and for 12 months following the date a final decision is rendered by the District.
3. Prior to rendering a decision on a District proceeding, any board member who received contribution of more than \$500 within the preceding 12 months from any party, or agent, to a proceeding shall disclose that fact on the record of the proceeding, and shall be disqualified from participating in the proceeding. However, if any board member receives a contribution that otherwise would require disqualification, and returns the contribution within 30 days of making the decision, or knowing about the contribution and the relevant proceeding, whichever comes last, that board member shall be permitted to participate in the proceeding.

¹ "Party" is defined as any person who files an application for, or is the subject of, a proceeding.² "Participant" is defined as any person who actively supports or opposes a particular decision in a proceeding.

³ "Agent" is defined as a person who represents a party in connection with a proceeding for compensation who appears before or otherwise communicates with the District for the purpose of influencing the proceeding. If an individual acting as an agent also is acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar entity or corporation, both the individual and the entity or corporation are agents. When a closed corporation is a party to a proceeding, the majority shareholder is subject to these provisions.

To determine whether a campaign contribution of more than \$500 has been made by you or your agent to a board member within the preceding 12 months, all contributions made by you or your agent during that period must be aggregated.

Names of current District board members available on the District's website. If you have questions about Government Code Section 84308, FPPC regulations, or the Campaign Disclosure Form, please contact the District Clerk.

2. CAMPAIGN CONTRIBUTION DISCLOSURE FORM

(a) Document:

- License
- Lease
- Permit
- Franchise
- Other Contract
- Other Entitlement

Name and address of any party, participant, or agent who has contributed more than \$500 to any board member within the preceding 12 months:

1. _____
2. _____
3. _____

(b) Date and amount of contribution:

- Date _____ Amount \$ _____
- Date _____ Amount \$ _____
- Date _____ Amount \$ _____

(c) Name of board member to whom contribution was made:

1. _____
2. _____
3. _____

(d) I certify that the above information is provided to the best of my knowledge.

Printed Name _____

Signature _____

Date _____ Phone _____

To be completed by District:

Document No: _____



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 21, 2026

TO: Mayor and Councilmembers

FROM: Department of Water Resources

SUBJECT: Request by Montecito Sanitary District for a Wastewater Treatment Services Agreement [Agreement]

RECOMMENDATION: That Council:

- A. Direct Staff to evaluate the feasibility of and negotiate an Agreement for Provision of Wastewater Treatment Services to the Montecito Sanitary District; and
- B. Direct Staff to collect a \$100,000 fee from the Montecito Sanitary District to offset City of Santa Barbara staff time and resources, which would be refunded to the District if an agreement is successfully negotiated.

DISCUSSION:

On March 4, 2026, the City of Santa Barbara (City) received a letter from the Montecito Sanitary District (MSD) requesting to discuss the potential conveyance and treatment of wastewater collected in the MSD service area. MSD is considering a major capital upgrade of its wastewater treatment facility to achieve regulatory compliance. MSD is also evaluating alternatives to wastewater treatment in their service area including the possibility of contracting with the City for the treatment of 0.6 million Gallons per Day (MGD) of wastewater (dry weather flow) at the City's Wastewater Treatment Plant, El Estero Water Resource Center (EEWRC).

EEWRC is located at 520 East Yanonali Street and was designed to treat 11 MGD of domestic wastewater (dry weather flow). While EEWRC's average daily flows have decreased to approximately 6 MGD in the last decade, the concentration of solids in the wastewater has remained equivalent to when flows were 8 MGD. Staff believe EEWRC has sufficient remaining capacity for the additional flows requested by MSD; however, this must be studied along with the reserved capacity to serve projected demands of new housing and other uses outlined by the City's General Plan, which includes the Housing Element. Staff will also evaluate the impacts of wet weather Infiltration and Inflow (I&I), which can significantly impact treatment capacity. The City has been studying I&I impacts from the City's existing service area and continues to invest in system improvements to reduce I&I in the collection system. Staff must also work with MSD to understand and mitigate the impacts of MSD's wet weather I&I on EEWRC.

If treatment of MSD wastewater at EEWRC is determined to be feasible, staff will submit a term sheet and request direction from Water Commission and City Council prior to drafting a formal agreement with MSD.

BUDGET/FINANCIAL INFORMATION:

Based on the history of negotiating agreements with outside agencies, staff recommend collecting a \$100,000 fee from MSD for staff time and resources used to evaluate the feasibility of and negotiate an agreement. The fee would be refunded to MSD upon reaching an agreement. If MSD chooses not to pursue an agreement with the City, then the City would be entitled to keep the fee to offset City staff time and resources that were expended. Should contracted legal or technical services be needed to support negotiations or development of an agreement, those costs, and any cost sharing, would be determined under a separate agreement.

SUSTAINABILITY IMPACT:

Entering into an agreement with MSD would regionalize the City’s wastewater treatment, which typically offers economies of scale and results in energy, chemical, and cost savings. However, every wastewater system is unique, and local conditions need to be investigated to evaluate the success of regionalization. EEWRC produces over 50 percent of its power on-site through co-generation of biogas created at the treatment plant and is part of Santa Barbara Clean Energy to source the remaining power from renewable sources. Additional wastewater from MSD could result in increased gas production for co-generation to offset a portion of the increased treatment energy needs. EEWRC also produces over one MGD of recycled water on average and has capacity to expand production if an agreement is met with MSD.

ENVIRONMENTAL REVIEW:

A request to evaluate the feasibility of and negotiate an agreement for the provision of wastewater treatment services with MSD for regionalized wastewater treatment falls outside of the definition of a “Project” under California Environmental Quality Act (CEQA) Guidelines section 15378 (b)(5) as administrative activities of governments that will not result in direct physical changes in the environment and are not subject to CEQA environmental review. The authorization to negotiate an agreement will not result in direct physical impacts to the environment. If MSD and the City reach agreement, the agreement will be subject to CEQA environmental review.

- ATTACHMENT:** Montecito Sanitary District Letter – March 4, 2026
- PREPARED BY:** Thomas Welche, Wastewater System Manager/sjc
- SUBMITTED BY:** Joshua Haggmark, P.E., Water Resources Director
- APPROVED BY:** Kelly McAdoo, City Administrator



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

Phone: (805) 969-4200
www.montsan.org

MONTECITO SANITARY DISTRICT

STAFF REPORT – 6C

DATE: April 22, 2026

TO: Board of Directors

FROM: John Weigold, General Manager
Aleks, Giragosian, District General Manager

SUBJECT: Memorandum of Understanding Between Montecito Sanitary District, Montecito Water District, and Summerland Sanitary District for Coordination and Collaboration for the Advancement of Special District Reorganization

RECOMMENDATION

It is recommended that the Board consider the adoption of the Memorandum of Understanding (“MOU”) and/or provide direction to staff regarding revisions prior to further action and consideration.

BACKGROUND

The Board has previously considered reorganization with the Montecito Water District in 2023 and 2025. The Board received a final report and presentation on the Special District Collaboration and Consolidation Study from Raftelis consultants at the Board’s July 26, 2023 meeting. Subsequent to that meeting, the Board considered and voted to disapprove the consolidation of the Montecito Sanitary District with the Montecito Water District at its October 12, 2023 Board meeting. However, on March 28, 2025, the Board voted in favor of consolidation with the Montecito Water District.

Over the past six months, the Montecito Water District (MWD), Montecito Sanitary District (MSD), and Summerland Sanitary District (SSD) have been discussing the possible reorganization of all three districts. The three Strategic Planning Committee of each of the districts prepared a draft MOU, which was reviewed, edited and approved by the MWD Board on January 27, 2026. The MWD-approved MOU is attached as Attachment A. The purpose of the draft MOU is to describe how the districts would work together while studying possible reorganization.

Staff and District General Counsel have reviewed the MOU, identified several areas where clarification may be appropriate before proceeding, and edited versions are attached as Attachment B (redline) and Attachment C (clean copy).

DISCUSSION

1. Examining Options

The Raftelis study explained that combining the districts into one is not the only option. It also outlined option in which the districts could work together in other ways, such as sharing services or making agreements, if those options work better.

The draft MOU focuses only on consolidation into one district. It does not clearly mention other possible outcomes. As written, it appears that consolidation is already the goal, rather than one option among several that should be studied/considered. If the intent is to keep all options open, staff recommends revising the language to clearly state that consolidation is only one possible outcome among other forms of collaboration that may also be considered.

2. Purpose and Governance Assumptions

The draft MOU states that the districts would consolidate under the County Water District Law and that the MWD Board would govern the unified district. This suggests that two major decisions have already been made:

- That consolidation is the chosen path; and
- That a specific governance consolidation structure has been selected.

However, earlier discussions indicated that these issues were supposed to be studied first and decided later. Under LAFCO rules, consolidation can be structured in different ways. The draft MOU selects one specific model at the beginning. If the Board wishes to complete the evaluation before making structural decisions, staff recommends revising the MOU to clearly state that:

- The type of reorganization remains under review;
- The specific structure has not yet been decided; and
- Any governance model will require future Board approval.

These are important decisions and should not appear to be settled without further study.

3. Characterization of Benefits

The draft MOU refers to expected efficiencies and cost savings. However, earlier studies, such as the Raftelis Report, showed that projected savings were limited. In addition, no updated study has been completed that includes Summerland Sanitary District. At this time, the districts do not have current analysis confirming the level of savings or other benefits.

As written, parts of the MOU may read as though the benefits are already known. If the purpose is to evaluate the issue carefully, staff recommends revising the language to make clear that potential benefits are still being studied and are not guaranteed.

4. Recycled Water Framing

The draft MOU refers to recycled water as a possible benefit of consolidation. However, in March 2024, the MWD Board paused pursuit of recycled water indefinitely. That pause remains in effect. Because recycled water is not currently being pursued, referencing it as a benefit of consolidation may create confusion about current policy direction. If recycled water is not an active initiative, staff recommends revising the language so that reorganization is not tied to that project, or clearly stating that recycled water remains a separate policy decision. This is a significant policy alignment issue.

5. Scope Control and Cost Exposure

The draft MOU states that costs will be shared among the districts. Staff agrees that cost sharing makes sense. However, the MOU does not clearly explain:

- How consultants will be selected;
- Whether there will be limits on total spending;
- Whether Board approval is required before expanding the work; or
- How changes in scope will be managed.

Reorganization studies can become expensive. Without clear cost controls, the District could become responsible for higher costs than expected before a final decision is made. Staff recommends adding clear cost management rules, such as spending limits and Board approval requirements for expanding the scope of work.

6. Contract Administration Authority (Secondary Concern)

The draft MOU provides that MWD would administer contracts. While this may be practical, the MOU does not specify whether consultant selection, contract approval, or scope changes require agreement from each Board. Staff notes this as a secondary concern and suggests that shared oversight procedures could provide better balance during the evaluation phase.

7. Milestone and Sequencing Safeguards (Secondary Concern)

The MOU allows any Party to withdraw at any time. However, it does not clearly identify checkpoints requiring Board approval before moving from one phase to the next (for example, before filing with LAFCO). Although withdrawal is permitted, adding milestone approvals could provide additional clarity and protection.

8. Ratepayer Equity Acknowledgment (Secondary but Relevant)

The draft MOU does not mention that the districts have different financial positions and reserve levels. LAFCO has indicated that ratepayer equity will be an important consideration. While these issues would be addressed in a future Plan for Services, acknowledging the importance of ratepayer equity at the outset could better align the MOU with LAFCO's review standards.

DISTRICT GENERAL COUNSEL COMMENTS

On January 14, 2026, the General Manager of the Montecito Water District (“MWD”) provided a copy of a draft MOU to the General Managers of the Summerland Sanitary District (“SSD”) and the Montecito Sanitary District (“MSD”). On January 17, 2026, MSD’s General Counsel submitted a number of suggested edits to MSD’s General Manager and Strategic Planning Committee, which was ultimately forwarded to MWD. Included as Attached B and C are copies of the MOU with General Counsel’s amendments and comments. On January 27, 2026, the MWD Board of Directors approved a version of the MOU that incorporated some of MSD’s proposed edits.

MWD requests that SSD and MSD approve the attached MOU (Attachment A) without edit. Any edit to the attached MOU will require a subsequent round of approvals by the other special districts to ensure that all parties approve the same document.

The MOU is a cost-sharing vehicle intended for information gathering. It contemplates dividing the cost of multiple studies in proportion to each district’s total operating revenue. The studies contemplated by the MOU include a Plan for Services, some level of environmental review, and a public engagement strategy. The MOU designates MWD as the agency responsible for administering the MOU and any contracts needed to facilitate the studies.

Importantly, the MOU does not bind the District to a specific outcome. Only a Resolution of Application to the Santa Barbara County Local Agency Formation Commission triggers the statutory process to initiate a reorganization. The District may withdraw from this MOU at any time, subject to the payment of costs incurred prior to withdrawal.

Section 1 of the MOU states that the purpose is “to memorialize a cooperative and ongoing working relationship with the Parties that will facilitate efforts to coordinate and collaborate on the advancement of special district reorganization, more specifically the consolidation of MWD, MSD and SSD into a unified entity, organized and existing under the County Water district Law [Water Code 30000-33901].” It is unclear whether “consolidation” refers to consolidation under Government Code Section 56030 or whether it refers to consolidation in a colloquial sense. The same goal of “The MWD Board of Directors [as] the governing body of the unified entity” may be achieved through dissolution and annexation procedures.

Our office noted that the MOU fails to answer the following questions:

- 1) Do the listed studies in Section 3 represent the complete set of studies that are required to be performed by LAFCO for purposes of submitting a Resolution of Application?
- 2) Which entity serves as Lead Agency for purposes of the California Environmental Quality Act determination?
- 3) Will the sanitary districts have an opportunity to review and approve a contract prior to its commencement?
- 4) Why is the confidentiality clause necessary and which types of documents would be subject to it?

The General Counsel's Office recommends the MSD Board of Directors consider these questions and consider either the adoption of the MOU as proposed or the adoption of the MOU as may be amended.

ENVIRONMENTAL

The adoption of this MOU is exempt from the California Environmental Quality Act under 14 CCR 15306 because it "consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource." The MOU is for informational purposes only.

FISCAL IMPACT

Unknow fiscal impact due to the absence of any contractual financial thresholds.

STAFF RECOMMENDATIONS/CONCLUSION

The draft MOU is intended to guide the evaluation of possible reorganization. Staff believes that certain clarifications may help ensure that:

- All options remain open; Structural decisions are not made in advance; Benefits are not assumed before study; Costs remain controlled; and Current policy positions are accurately reflected.
- Staff requests Board direction on whether revisions should be pursued before proceeding further, and, if so, Staff recommends that the Board direct Staff to make revisions and return the document back to the Board for consideration.

ATTACHMENTS

- A. Memorandum of Understanding as approved by MWD Board
- B. Memorandum of Understanding as edited by MSD Staff and Legal Counsel – Redline Version
- C. Memorandum of Understanding as edited by MSD Staff and Legal Counsel – Clean Version

MOU as Approved by
Montecito Water District

**MEMORANDUM OF UNDERSTANDING
BETWEEN MONTECITO WATER DISTRICT, MONTECITO SANITARY DISTRICT
AND SUMMERLAND SANITARY DISTRICT FOR COORDINATION AND
COLLABORATION FOR THE ADVANCEMENT OF
SPECIAL DISTRICT REORGANIZATION**

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and effective as of January __, 2026, by and between Montecito Water District (“MWD”), the Montecito Sanitary District (“MSD”) and the Summerland Sanitary District (“SSD”). MWD, MSD and SSD may each be individually referred to herein as a “Party” and collectively as the “Parties”.

A. MWD is a County Water District, organized pursuant to the County Water District Law [Water Code §§30000-33901] with water supply and water management responsibilities in the Montecito and Summerland communities. County Water District law authorizes MWD to exercise broad power over water in its jurisdiction, including providing sanitary and recycled water services. The mission of the MWD is to provide an adequate and reliable supply of high-quality water to the residents of Montecito and Summerland at the most reasonable cost.

B. MSD is a Sanitary District, organized pursuant to the Sanitary District Act of 1923 [Health and Safety Code §§ 6400-6982] with responsibilities for the collection, treatment and disposal of wastewater within Montecito. The mission of the MSD is to protect public health and safety and to preserve the natural environment through the collection, treatment and disposal of wastewater in the most cost-effective way possible.

C. SSD is a Sanitary District, organized pursuant to the Sanitary District Act of 1923 [Health and Safety Code §§ 6400-6982] with responsibilities for the collection, treatment and disposal of wastewater within Summerland. The mission of the SSD is to protect public health and safety and to preserve the natural environment through the responsible collection, treatment, and disposal of wastewater in the most cost-effective way possible.

D. Interest in the reorganization of Montecito’s special districts, including MWD, MSD and SSD, has grown in recent years as the importance of water resources has become more evident. The State of California, including Santa Barbara County has been increasingly impacted by climate change which has involved extreme and erratic weather conditions including historic wet and dry periods negatively affecting surface and ground water quality and availability. Forecasters predict these conditions will worsen in the future with weather events of greater intensity, longer duration and higher frequency.

E. Navigating climate change and achieving long term water supply security for Montecito and Summerland could prove more successful with all water resources being the responsibility of, and managed by, a unified special district. Merging some or all of the special districts providing water resources in the Montecito community could potentially result in, streamlining operations, eliminating unnecessary redundancies, and saving costs.

F. In September 2023, the MWD and MSD completed the preparation of a *Special District Collaboration and Consolidation Study* (“Study”), prepared by Raftelis. The objective of

the Study was to evaluate the feasibility and benefits of merging the MWD and MSD and the potential impacts on resources, operations, performance, costs, decision-making, customer service, and reliability.

G. Since completion of the Study, the MWD and MSD Strategic Planning Committees have met periodically to continue discussions regarding special district reorganization. More recently, the SSD joined the discussions with interest in collaborating with the MWD and MSD in the ongoing evaluation of special district reorganization.

H. In March 2025, the MSD Board of Directors discussed, and voted to proceed with consolidation with MWD.

I. The Parties wish to coordinate and collaborate on the advancement of special district reorganization for the benefit of the Montecito and Summerland communities.

NOW THEREFORE, the Parties agree as follows:

1. **Purpose.** The primary purpose of this MOU is to memorialize a cooperative and ongoing working relationship between the Parties that will facilitate efforts to coordinate and collaborate on the advancement of special district reorganization, more specifically the consolidation of MWD, MSD and SSD into a unified entity, organized and existing under the County Water District Law [Water Code 30000-33901]. The MWD Board of Directors will be the governing body of the unified entity.

2. **Benefits.** The Parties recognize the potential benefits that special district reorganization offers the Montecito and Summerland communities including unified governance, streamlined recycled water implementation, potential cost savings through economies of scale, reduced redundancy, and improved customer service, and the Parties agree to support the continued evaluation and advancement of reorganization.

3. **Activities to be Performed.** Over the term of this MOU, various activities are anticipated to be undertaken to advance special district reorganization. These activities may include, but are not limited to, the following:

a. *Plan for Services.* Prepare a Plan for Services for a special district reorganization involving the Parties. A Plan for Services is a required component of an application for a change of organization under California Government Code §56653. It will serve to detail how water and sanitary services will be provided and financed by the reorganized entity and it provides the basis for LAFCO's review and action. To prepare a Plan for Services, a consultant with experience in reorganizing public agencies will be hired through a request for proposal (RFP) process.

The initial phase of the preparation of the Plan for Services will involve the consultant studying the potential reorganization of the Parties and articulating the pros and cons, anticipated additional costs and cost savings, and identifying operational efficiencies and limitations, and ultimately determining if there is a business case to reorganize the Parties. This information will be presented to the Parties for consideration. This MOU does not commit any Party to accept any Plan for Services prepared in accordance with this section.

b. *Environmental Review.* Perform an environmental review compliant with the California Environmental Quality Act (CEQA).

c. *Public Engagement.* Implement a public engagement process to ensure transparency, accountability, and public trust. This process should prioritize clear and consistent communication about the rationale, potential impacts, and projected benefits of special district reorganization.

d. *Other.* To be determined by the Parties.

4. **Costs.** The Parties agree that all costs and expenses incurred jointly under the scope of this MOU for the initial phase under Section 3a shall be allocated among the Parties based on each Party's proportionate share of the combined total operating revenue of all Parties for fiscal year ending June 30, 2025 as follows:

Party	FY24-25 Total Operating Revenues (\$M)	Proportionate Share (%)
MWD	25.9	76
MSD	7.2	21
SSD	1.1	3
Total	34.2	100

The Parties agree to meet and confer concerning the allocation of costs and expenses for subsequent phases and may agree, in their discretion, to continue the above referenced cost share for those subsequent phases. MWD will administer all contracts entered into pursuant to this MOU. Upon MWD payment of a monthly invoice for costs and expenses, MWD will calculate the cost share, and provide a request for reimbursement to MSD and SSD. Reimbursements shall be paid by MSD and SSD within 30 days of receipt of the request for reimbursement.

5. **Staff.** Each Party shall designate a principal contact person and any other appropriate staff members and/or consultants to participate on each Party's behalf in activities undertaken pursuant to this MOU. Each Party shall make its staff and its expertise reasonably available for activities under this MOU.

The principal Party contacts are:

Montecito Water District

Ken Coates, Director, kcoates@montecitowater.com

Nicholas Turner, General Manager, nturner@montecitowater.com

583 San Ysidro Road,

Santa Barbara, CA 93108

Phone: 805-969-2271

Montecito Sanitary District

Woody Barrett, Director, wbarrett@montsan.org
John Weigold, General Manager, jweigold@montsan.org
1042 Monte Cristo Lane
Santa Barbara, CA 93108
Phone: 805-969-4200

Summerland Sanitary District

Gary Robinson, Director, grobinson@summerlandsd.org
Diantha Glaser, Business Manager, dglaser@summerlandsd.org
2435 Wallace Ave
Summerland, CA 93067
Phone: 805-969-4344

6. **Notices.** Any notice required by this MOU shall be in writing and shall be given personally, by facsimile, by electronic mail (email), or by U.S. or certified mail, postage prepaid, to the respective address set forth above.

7. **Independent Authority and Autonomy.** This MOU is not intended to, and does not, override, impact, or impede the independent authority, statutory duties, or regular operations of the Parties, including the planning and implementation of capital projects. Nothing in this MOU shall be construed to restrict the independent authority and autonomy of the Parties in managing their respective operations, resources, and obligations.

8. **Entire Agreement.** This MOU incorporates the entire agreement of the Parties with respect to the matters described herein and supersedes all prior negotiations and agreements (written, oral, or otherwise) related thereto. This MOU may be amended, including without limitation to add new Parties only by a writing executed by all the Parties.

9. **Termination.** Participation in, and work covered by this MOU is voluntary, and any Party may withdraw at any time by providing written notice to the other Party. Any outstanding reimbursable costs at the time of termination shall be paid after termination of this MOU upon receipt of an invoice and any supporting documentation as required under Section 4.

10. **Assignment.** No rights or duties of any of the Parties under this MOU may be assigned or delegated without the express prior written consent of all the other Parties, and any attempt to assign or delegate such rights or duties without such written consent shall be null and void.

11. **Access to Written Products.** MWD, MSD, and SSD shall have access to all reports, documents, or other written material, including any drafts, and all electronic files, including computer-aided design files, developed by a consultant contracted pursuant to this MOU (such written material and electronic files are collectively known as “written products”) without restriction or limitation. Each Party may take and retain copies of such written products as desired.

12. **Indemnification.** Each Party shall indemnify and hold the other Parties harmless against all actions, claims, demands, and liabilities, and against all losses, damages, costs, expenses,

and attorney's fees, arising directly or indirectly out of an actual or alleged injury to a person or property arising out of and/or relating to this MOU in the same proportion that its own acts and/or omissions are attributed to said claims, demands, liabilities, losses, damages, costs, expenses, and/or attorney's fees. This provision shall not extend to any claim, demand, liability, loss, damage, cost, expenses, and/or attorney's fees covered by the insurance of any Party. The obligations under this Section shall survive the termination of this MOU.

13. **Severability.** If any provision of this MOU is held to be unenforceable, the remainder of this MOU shall be severable and not affected thereby.

14. **Counterparts.** This MOU may be executed in counterparts and, as so executed, shall constitute an agreement that shall be binding upon all Parties hereto, notwithstanding that the signatures of all Parties and/or their designated representatives do not appear on the same page. This MOU may be transmitted by facsimile or other electronic means, and the reproduction of signatures by facsimile or other electronic means will be treated as binding as if originals.

15. **Confidentiality.** The Parties acknowledge that, in connection with their joint activities under this MOU, each of them may share sensitive and/or confidential information with the other Parties. To the fullest extent permitted by law, each of the Parties shall maintain any such information, documents, or materials shared by the other Parties or mutually developed pursuant to this MOU in confidence and shall not voluntarily provide or reveal such information, documents, or materials to any third party without the consent of all Parties to this MOU. If any Party receives a request or order from a third party that the receiving Party believes requires disclosure of any such information, documents or materials, the receiving Party shall (i) immediately notify the other Parties and provide them with a copy of such request or order, (ii) defer any disclosure of such information, documents or materials for as long as legally permitted, and (iii) cooperate with any other Party that wishes to pursue an order protecting the disclosure of such information, documents, or materials. The Parties acknowledge that this provision is not intended to avoid, obviate, or supersede any confidentiality requirements imposed under the Brown Act or Public Records Act.

IN WITNESS WHEREOF, the Parties have executed this MOU effective as of the date first written above.

Montecito Water District

By: _____
Brian Goebel, Board President

Montecito Sanitary District

By: _____
Rock Rockenbach, Board President

Summerland Sanitary District

By: _____
Gary Robinson, Board President

APPROVED AS TO FORM

Montecito Water District, General Counsel

By: _____
Walt Wendelstein, Wendelstein Law Group PC

Montecito Sanitary District, General Counsel

By: _____
Aleks Giragosian, Colantuono, Highsmith & Whatley, P.C.

Summerland Sanitary District, General Counsel

By: _____
Aleks Giragosian, Colantuono, Highsmith & Whatley, P.C.

Proposed MOU by MSD Staff and
General Legal Counsel

Redline Version

**MEMORANDUM OF UNDERSTANDING
BETWEEN MONTECITO WATER DISTRICT, MONTECITO SANITARY DISTRICT
AND SUMMERLAND SANITARY DISTRICT FOR COORDINATION AND
COLLABORATION IN THE EVALUATION OF
SPECIAL DISTRICT REORGANIZATION**

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and effective as of January __, 2026, by and between Montecito Water District (“MWD”), Montecito Sanitary District (“MSD”) and Summerland Sanitary District (“SSD”). MWD, MSD and SSD may each be individually referred to herein as a “Party” and collectively as the “Parties”.

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B. MSD is a Sanitary District, organized pursuant to the Sanitary District Act of 1923 [Health and Safety Code §§ 6400-6982] with responsibilities for the collection, treatment and disposal of wastewater within Montecito. The mission of the MSD is to protect public health and safety and to preserve the natural environment through the collection, treatment and disposal of wastewater in the most cost-effective way possible.

C. SSD is a Sanitary District, organized pursuant to the Sanitary District Act of 1923 [Health and Safety Code §§ 6400-6982] with responsibilities for the collection, treatment and disposal of wastewater within Summerland. The mission of the SSD is to protect public health and safety and to preserve the natural environment through the responsible collection, treatment, and disposal of wastewater in the most cost-effective way possible.

D. The State of California, including Santa Barbara County, has been increasingly impacted by climate change which has involved extreme and erratic weather conditions including historic wet and dry periods negatively affecting surface and ground water quality and availability. Forecasters predict these conditions may worsen in the future with weather events of greater intensity, longer duration and higher frequency.

E. Navigating climate change and achieving long term water supply security for Montecito and Summerland could prove more successful with all water resources being the responsibility of, and managed by, a unified special district. Merging some or all of the special districts providing water resources in the Montecito community could potentially result in, streamlining operations, eliminating unnecessary redundancies, and saving costs.

F. In September 2023, the MWD and MSD completed the preparation of a *Special District Collaboration and Consolidation Study* (“Study”), prepared by Raftelis. The objective of the Study was to evaluate the feasibility and benefits of merging the MWD and MSD and the

potential impacts on resources, operations, performance, costs, decision-making, customer service, and reliability.

G. Since completion of the Study, the MWD and MSD Strategic Planning Committees have met periodically to continue discussions regarding special district reorganization. More recently, the SSD joined the discussions with interest in collaborating with the MWD and MSD in the ongoing evaluation of special district reorganization.

H. The Parties wish to coordinate and collaborate on the advancement of special district reorganization for the potential benefit of the Montecito and Summerland communities.

NOW THEREFORE, the Parties agree as follows:

1. **Purpose.** The primary purpose of this MOU is to memorialize a cooperative and ongoing working relationship between the Parties to facilitate efforts to evaluate options for special district reorganization. Consolidation of MWD, MSD and SSD is one possible outcome, but not a predetermined objective. Other alternatives, such as joint powers agreements or contractual arrangements, will also be considered. No Party is committed to any specific governance structure or legal form until completion of the evaluation process and subsequent board actions.

2. **Benefits.** The Parties recognize the potential benefits may exist, such as improved coordination and possible efficiencies. However, these benefits remain subject to further analysis and are not guaranteed. This MOU does not constitute findings or conclusions regarding cost savings or operational improvements.

3. **Activities to be Performed.** Over the term of this MOU, activities may include,
a. preparation of a Plan for Services, informational public engagement and related evaluations. These activities are exploratory and do not commit any Party to a specific outcome.

4. **Cost Management.** The Parties agree to proportional cost-sharing based on revenue.

5. Any expansion of scope or costs beyond initial estimates requires prior concurrence of all Parties. This framework is intended to prevent unintended financial exposure.

6. **Environmental Review.** The parties anticipate that the appropriate CEQA pathway will likely involve an exemption determination. No broad environmental review is authorized by this MOU without further agreement.

7. **Public Engagement.** Outreach will be informational only and will not constitute a commitment to any particular reorganization structure or outcome.

8. **Access to Written Products.** MWD, MSD, and SSD shall have access to all reports, documents or other written material, including any drafts, and all electronic files, including computer-aided design files, developed by a consultant contracted pursuant to this MOU (such written material and electronic files are collectively known as “written products”) without restriction or limitation. Each party may take and retain copies of such written products as desired.

9. **Indemnification.** Each Party shall indemnify and hold the other Parties harmless against all actions, claims, demands, and liabilities, and against all losses, damages, costs, expenses,

and attorney's fees, arising directly or indirectly out of an actual or alleged injury to a person or property in the same proportion that its own acts and/or omissions are attributed to said claims, demands, liabilities, losses, damages, costs, expenses, and/or attorney's fees. This provision shall not extend to any claim, demand, liability, loss, damage, cost, expenses, and/or attorney's fees covered by the insurance of any Party. The obligations under this Section shall survive the termination of the Agreement.

10. **Severability.** If any provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall be severable and not affected thereby.

11. **Counterparts.** This Agreement may be executed in counterparts and, as so executed, shall constitute an agreement that shall be binding upon all Parties hereto, notwithstanding that the signatures of all Parties and/or their designated representatives do not appear on the same page. This Agreement may be transmitted by facsimile or other electronic means and the reproduction of signatures by facsimile or other electronic means will be treated as binding as if originals.

12. **Confidentiality.** The Parties will maintain confidentiality to the extent permitted by law and acknowledge obligations under the Brown Act, Public Records Act, and other applicable authorization

13. **Continued Participation.** Each Party's continued participation is contingent upon ongoing board direction and approval. This MOU does not obligate any Party beyond its current board authorization.

IN WITNESS WHEREOF, the Parties have executed this MOU effective as of the date first written above.

Montecito Water District

By: _____
Brian Goebel, Board President

Montecito Sanitary District

By: _____
Rock Rockenbach, Board President

Summerland Sanitary District

By: _____
Gary Robinson, Board President

APPROVED AS TO FORM

Montecito Water District, General Counsel

By: _____

Walt Wendelstein, Wendelstein Law Group PC

Montecito Sanitary District, General Counsel

By: _____
Aleks Giragosian, Colantuono, Highsmith & Whatley, P.C.

Summerland Sanitary District, General Counsel

By: _____
Name, Firm

DRAFT

**MEMORANDUM OF UNDERSTANDING
BETWEEN MONTECITO WATER DISTRICT, MONTECITO SANITARY DISTRICT
AND SUMMERLAND SANITARY DISTRICT FOR COORDINATION AND
COLLABORATION ~~FORIN THE ADVANCEMENT-EVALUATION OF~~
SPECIAL DISTRICT REORGANIZATION**

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and effective as of January __, 2026, by and between Montecito Water District (“MWD”), ~~the~~ Montecito Sanitary District (“MSD”) and ~~the~~ Summerland Sanitary District (“SSD”). MWD, MSD and SSD may each be individually referred to herein as a “Party” and collectively as the “Parties”.

A. MWD is a County Water District, organized pursuant to the County Water District Law [Water Code §§30000-33901] with water supply and water management responsibilities in the Montecito and Summerland communities. County Water District law authorizes MWD to exercise broad power over water in its jurisdiction, including providing sanitary and recycled water services. The mission of the MWD is to provide an adequate and reliable supply of high-quality water to the residents of Montecito and Summerland at the most reasonable cost.

B. MSD is a Sanitary District, organized pursuant to the Sanitary District Act of 1923 [Health and Safety Code §§ 6400-6982] with responsibilities for the collection, treatment and disposal of wastewater within Montecito. The mission of the MSD is to protect public health and safety and to preserve the natural environment through the collection, treatment and disposal of wastewater in the most cost-effective way possible.

C. SSD is a Sanitary District, organized pursuant to the Sanitary District Act of 1923 [Health and Safety Code §§ 6400-6982] with responsibilities for the collection, treatment and disposal of wastewater within Summerland. The mission of the SSD is to protect public health and safety and to preserve the natural environment through the responsible collection, treatment, and disposal of wastewater in the most cost-effective way possible.

D. ~~Interest in the reorganization of Montecito’s special districts, including MWD, MSD and SSD, has grown in recent years as the importance of water resources has become more evident.~~ The State of California, including Santa Barbara County, has been increasingly impacted by climate change which has involved extreme and erratic weather conditions including historic wet and dry periods negatively affecting surface and ground water quality and availability. Forecasters predict these conditions ~~will-may~~ worsen in the future with weather events of greater intensity, longer duration and higher frequency.

E. Navigating climate change and achieving long term water supply security for Montecito and Summerland could prove more successful with all water resources being the responsibility of, and managed by, a unified special district. Merging some or all of the special districts providing water resources in the Montecito community could potentially result in, streamlining operations, eliminating unnecessary redundancies, and saving costs.

F. In September 2023, the MWD and MSD completed the preparation of a *Special District Collaboration and Consolidation Study* (“Study”), prepared by Raftelis. The objective of

the Study was to evaluate the feasibility and benefits of merging the MWD and MSD and the potential impacts on resources, operations, performance, costs, decision-making, customer service, and reliability.

G. Since completion of the Study, the MWD and MSD Strategic Planning Committees have met periodically to continue discussions regarding special district reorganization. More recently, the SSD joined the discussions with interest in collaborating with the MWD and MSD in the ongoing evaluation of special district reorganization.

~~H. In March 2025, the MSD Board of Directors discussed, and voted to proceed with consolidation with MWD.~~

~~H.~~ The Parties wish to coordinate and collaborate on the advancement of special district reorganization for the potential benefit of the Montecito and Summerland communities.

Commented [AG1]: I think we can strike this. I don't want people to think this formally binds the District to anything. Only a resolution of application can initiate the LAFCO process.

NOW THEREFORE, the Parties agree as follows:

1. **Purpose.** The primary purpose of this MOU is to memorialize a cooperative and ongoing working relationship between the Parties ~~that will to~~ facilitate efforts to ~~coordinate and collaborate on the advancement evaluate options for of~~ special district reorganization, ~~more specifically the consolidation of MWD, MSD and SSD into is one possible outcome, but not a unified entity, organized and existing under the County Water District Law [Water Code 30000-33901], and under the direction of the MWD Board of Directors, predetermined objective.~~ Other alternatives, such as joint powers agreements or contractual arrangements, will also be considered. ~~No Party is committed to any specific governance structure or legal form until completion of the evaluation process and subsequent board actions.~~

2. **Benefits.** The Parties recognize the potential benefits ~~may exist, such as improved coordination and possible efficiencies. However, these benefits remain subject to further analysis and are not guaranteed. This MOU does not constitute findings or conclusions regarding cost savings or operational improvements, that special district reorganization offers the Montecito and Summerland communities including unified governance, streamlined recycled water implementation, potential cost savings through economies of scale, reduced redundancy, and improved customer service, and the Parties agree to support the continued evaluation and advancement of reorganization.~~

3. **Activities to be Performed.** Over the term of this MOU, ~~various activities are anticipated to be undertaken to advance special district reorganization. These activities may include, but are not limited to, the following:~~

~~a. Plan for Services. Prepare preparation of a Plan for Services, informational public engagement and related evaluations. These activities are exploratory and do not commit any Party to a specific outcome, for a special district reorganization involving the Parties. A Plan for Services is a required component of an application for a change of organization under California Government Code §56653. It will serve to detail how water and sanitary services will be provided and financed by the reorganized entity and it provides the basis for LAFCO's review and action. To prepare a~~

Plan for Services, a consultant with experience in reorganizing public agencies will be hired through a request for proposal (RFP) process.

~~a. The initial phase of the preparation of the Plan for Services will involve the consultant studying the potential reorganization of SSD with MWD and MSD and articulating the pros and cons, anticipated additional costs and cost savings, and identifying operational efficiencies and limitations, and ultimately determining if there is a business case to reorganize the Parties. This information will be presented to the Parties for consideration. This MOU does not commit any Party to accept any Plan for Services prepared in accordance with this section.~~

Commented [AG2]: Will this consultant perform the other two tasks listed below?

~~b. Environmental Review. Perform an environmental review compliant with the California Environmental Quality Act (CEQA).~~

~~c. Public Engagement. Implement a public engagement process to ensure transparency, accountability, and public trust. This process should prioritize clear and consistent communication about the rationale, potential impacts, and projected benefits of special district reorganization.~~

~~d. Other. To be determined by the Parties.~~

Commented [AG3]: I assume we'll need to conduct some type of fiscal analysis and an analysis of the governance structure. Is that something we're contemplating under this MOU?

4. **Costs Management.** The Parties agree that all costs and expenses incurred jointly under the scope of this MOU shall be allocated among the Parties to proportional cost-sharing based on each Party's proportionate share of the combined total revenue of all Parties as follows:

Party	FY24-25 Total Operating Revenues (\$M)	Proportionate Share (%)
MWD	25.9	76
MSD	7.2	21
SSD	1.1	3
Total	34.2	100

~~MWD will administer all contracts entered, and payment of all costs and expenses incurred, pursuant to this MOU. Upon MWD payment of a monthly invoice for costs and expenses, MWD will calculate the cost share, and provide a request for reimbursement to MSD and SSD. Reimbursements shall be paid by MSD and SSD within 30 days of receipt of the request for reimbursement.~~

~~5. Staff. Each Party shall designate a principal contact person and any other appropriate staff members and/or consultants to participate on each Party's behalf in activities undertaken pursuant to this MOU. Each Party shall make its staff and its expertise reasonably available for activities under this MOU.~~

The principal Party contacts are:

Montecito Water District

Ken Coates, Director, keoates@montecitowater.com
Nicholas Turner, General Manager, nturner@montecitowater.com
583 San Ysidro Road,
Santa Barbara, CA 93108
Phone: 805-969-2271

Montecito Sanitary District
Woody Barrett, Director, wbarrett@montsan.org
John Weigold, General Manager, jweigold@montsan.org
1042 Monte Cristo Lane
Santa Barbara, CA 93108
Phone: 805-969-4200

Summerland Sanitary District
Gary Robinson, Director, grobinson122@gmail.com
Diantha Glaser, Business Manager, dglaser@summerlandsd.org
2435 Wallace Ave
Summerland, CA 93067
Phone: 805-969-4344

5. Notices. Any notice required by this MOU shall be in writing and shall be given personally, by facsimile, by electronic mail (email), or by U.S. or certified mail, postage prepaid, to the respective address set forth above expansion of scope or costs beyond initial estimates requires prior concurrence of all Parties. This framework is intended to prevent unintended financial exposure.

6. Environmental Review. The parties anticipate that the appropriate CEQA pathway will likely involve an exemption determination. No broad environmental review is authorized by this MOU without further agreement.

6-7. Public Engagement. Outreach will be informational only and will not constitute a commitment to any particular reorganization structure or outcome.

7. Entire Agreement. This MOU incorporates the entire agreement of the Parties with respect to the matters described herein and supersedes all prior negotiations and agreements (written, oral, or otherwise) related thereto. This MOU may be amended, including without limitation to add new Parties only by a writing executed by all the Parties.

8. Termination. Participation in, and work covered by this MOU is voluntary, and any Party may withdraw at any time by providing written notice to the other Party. Any outstanding reimbursable costs at the time of termination shall be paid after termination of this MOU upon receipt of an invoice and any supporting documentation as required under Section 4.

~~**Assignment.** No rights or duties of any of the Parties under this MOU may be assigned or delegated without the express prior written consent of all the other Parties, and any attempt to assign or delegate such rights or duties without such written consent shall be null and void.~~

8. **Access to Written Products.** MWD, MSD, and SSD shall have access to all reports, documents or other written material, including any drafts, and all electronic files, including computer-aided design files, developed by a consultant contracted pursuant to this MOU (such written material and electronic files are collectively known as “written products”) without restriction or limitation. Each party may take and retain copies of such written products as desired.

9. **Indemnification.** Each Party shall indemnify and hold the other Parties harmless against all actions, claims, demands, and liabilities, and against all losses, damages, costs, expenses, and attorney’s fees, arising directly or indirectly out of an actual or alleged injury to a person or property in the same proportion that its own acts and/or omissions are attributed to said claims, demands, liabilities, losses, damages, costs, expenses, and/or attorney’s fees. This provision shall not extend to any claim, demand, liability, loss, damage, cost, expenses, and/or attorney’s fees covered by the insurance of any Party. The obligations under this Section shall survive the termination of the Agreement.

10. **Severability.** If any provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall be severable and not affected thereby.

9.11. **Counterparts.** This Agreement may be executed in counterparts and, as so executed, shall constitute an agreement that shall be binding upon all Parties hereto, notwithstanding that the signatures of all Parties and/or their designated representatives do not appear on the same page. This Agreement may be transmitted by facsimile or other electronic means and the reproduction of signatures by facsimile or other electronic means will be treated as binding as if originals.

~~12. **Confidentiality.** The Parties acknowledge that, in connection with their joint activities under this MOU, each of them may share sensitive and/or confidential information with the other Parties. To the fullest extent permitted by law, each of the Parties shall maintain any such information, documents, or materials shared by the other Parties or mutually developed pursuant to this MOU in confidence and shall not voluntarily provide or reveal such information, documents, or materials to any third party without the consent of all Parties to this MOU. If any Party receives a request or order from a third party that the receiving Party believes requires disclosure of any such information, documents or materials, the receiving Party shall (i) immediately notify the other Parties and provide them with a copy of such request or order, (ii) defer any disclosure of such information, documents or materials for as long as legally permitted, and (iii) cooperate with any other Party that wishes to pursue an order protecting the disclosure of such information, documents, or materials.~~
The Parties will maintain confidentiality to the extent permitted by law and acknowledge obligations under the Brown Act, Public Records Act, and other applicable authorization

~~10.13. **Continued Participation.** Each Party’s continued participation is contingent upon ongoing board direction and approval. This MOU does not obligate any Party beyond its current board authorization.~~

Commented [AG4]: What type of documents are we contemplating keeping confidential?

IN WITNESS WHEREOF, the Parties have executed this MOU effective as of the date first written above.

Montecito Water District

By: _____
Brian Goebel, Board President

Montecito Sanitary District

By: _____
Rock Rockenbach, Board President

Summerland Sanitary District

By: _____
Gary Robinson, Board President

APPROVED AS TO FORM

Montecito Water District, General Counsel

By: _____
Walt Wendelstein, Wendelstein Law Group PC

Montecito Sanitary District, General Counsel

By: _____
Aleks Giragosian, Colantuono, Highsmith & Whatley, P.C.

Summerland Sanitary District, General Counsel

By: _____
Name, Firm

Proposed MOU by MSD Staff and
General Legal Counsel
Clean Version



Montecito Sanitary District

1042 Monte Cristo Lane *A Public Service Agency*
Santa Barbara, CA 93108

Phone: (805) 969-4200
www.montsan.org

MONTECITO SANITARY DISTRICT STAFF REPORT – 6D

DATE: April 22, 2026
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: Board Training Requirements

RECOMMENDATION

It is recommended that the Board discuss required training requirements.

BACKGROUND

The Board is required by state law to complete required training in ethics and sexual harassment training annually.

At the April 22, 2026 Regular Meeting a motion was made, and carried, to agendize at the Next Regular Board Meeting an agenda item to discuss potential repercussions for Board members that have not completed their required trainings.

FISCAL IMPACT

None

ATTACHMENTS:

None