

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

May 9, 2016

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on May 9, 2016 at 1042 Monte Cristo Lane, Montecito, California.

ATTENDANCE

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

Also Present: Diane M. Gabriel, MSD General Manager/District Engineer
Toni M. McDonald, MSD District Administrator
Alex Alonzo, MSD Operations Manager
Carole Rollins, MSD Laboratory & Pretreatment Manager
Janet McGinnis, MSD Legal Counsel

Charles Newman, Resident and Montecito Water Board of Directors
Monica Babich, Resident
Tyler Diehl, Lotusland

2. SEWER SERVICE RATE INCREASE HEARING

President Owens opened the Public Hearing at 1:15 p.m. He stated for the record that this was the time and place for the public hearing to determine whether or not the proposed sewer service charge rate increases shall be adopted by the District Governing Board; beginning with the Fiscal Year 2016-17, through Fiscal Year 2018-19.

President Owens welcomed those present for the hearing. He requested the District's General Manager, Ms. Diane Gabriel, explain the purpose of the hearing and the requirements of Proposition 218.

After confirming that the District followed the conditions of Proposition 218, President Owens then asked if the Secretary of the Board had signed the Affidavit of Mailing Notices of Public Hearing. The District Administrator confirmed the Affidavit of Mailing had been signed by Director Kerns and notarized by the District's notary.

General Manager Gabriel then introduced Mr. Alex Alonzo, the District's Operations Manager. Mr. Alonzo made a presentation of the District's operations. District Administrator Ms. Toni McDonald then presented the District finances and completed capital projects. The Wastewater Rate Study

report was summarized by Mr. Lynn Takaichi of Water Consultancy. Mr. Takaichi presented the basis of the proposed increase in sewer service charges and the recommended rates for the next three fiscal years.

President Owens requested that any member of the public that would like to address the Board to please turn in a speaker slip. Mr. Newman asked if the Miramar Resort project or potential residential growth had been considered in the Wastewater Rate Study. General Manager Gabriel responded that the Miramar project had not been considered as it will probably not be online during the three year period of the study. She also mentioned that the Wastewater Rate Study projected a minimal increase in residential units, but did not entertain the possibility of a large scale development over the next three years.

President Owens then asked the Directors for comments regarding the proposed rate increase. All of the Directors spoke of the need for the District to maintain and improving infrastructure without incurring debt. Director Williams noted the proposed resolution allows for homeowners to apply for relief from the rate increase if it were to create a hardship.

After Board comments, President Owens requested that the General Manager advise the Board whether the protests received by the District constitute a majority of the owners of the separate parcels of property described in the report. Manager Gabriel requested that the Clerk of the Board state how many formal protests had been received. The Clerk responded that there had been eight (8) official protests. Manager Gabriel then responded to the Board stating that a majority of property owners had not registered a protest to the rate increases. President Owens called for a motion regarding the resolution adopting the new rates. Resolution No. 2016-897 was prepared for the hearing by legal counsel and staff. The Board was given a copy of that resolution in their agenda packet.

A MOTION was made by Director Kern to adopt Resolution No. 2016-897, Adopting a General Regulation Providing for Sewer Service Charges; and Repealing Resolution No. 2009-853. The MOTION was seconded by Director Ishkanian and passed with the following roll call vote:

AYES:	Kern, Williams, Ishkanian, Kerns, Owens
NAYS:	None
ABSTAIN:	None
ABSENT:	None
ACTION:	Board, Manager, and Staff

President Owens closed the public hearing at 2:00 p.m., and announced that the regular meeting of the Board would begin after a five minute break.

3. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of April 11, 2016 were included in the agenda packet.

On MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention the minutes of April 11, 2016.

4. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Kern and second by Director Kerns, the Board approved unanimously without abstention the payroll and accounts payable expenses from April 11 2016 through May 9, 2016:

Accounts Payable Expenses	\$ 113,874.22
Capital Improvement	499,698.03
Payroll Expenses	<u>149,774.93</u>
Total Expenses	\$ 763,347.18

5. PUBLIC COMMENT

None

6. OLD BUSINESS

A. MONTECITO WATER REUSE

Director Ishkanian asked if the rumor that Montecito Cemetery would stop irrigating is true. Ms. Gabriel confirmed that they would stop irrigating in June. The Board again discussed the possibility of providing recycled water to the Montecito Water District to serve the Cemetery, Music Academy, and Ty Warner properties

ACTION: None

7. NEW BUSINESS

A. NOTICE OF COMPLETION – INSITUFORM TECHNOLOGIES

General Manager Gabriel reported that on January 12, 2015 the Board awarded a contract in the amount of \$1,588,140 to Insituform for the rehabilitation (slip-lining) of approximately 6.5 miles (34,320 LF) of existing vitrified clay pipe (VCP) in various locations throughout the District. The Board also authorized \$150,000 in contract change order funding. At its September 28, 2015 meeting the Board authorized additional funding (for contract change orders) in the amount of \$985,000 bringing the total authorized funding to \$2,723,140.

On April 25, 2016 District staff and Construction Manager, Jon Turner with Phoenix Civil Engineering, performed a final job walk and determined that all work has been completed to the satisfaction of the District.

During the course of the project seven contract change orders were issued, totaling \$1,116,228 for extra work that consisted of an additional 2,878 feet of lining. As a result, the project relined and rehabilitated a total of 7.3 miles of sewer line for a total contract price of \$2,704,368.

On MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention to accept the project as complete in the final contract amount of \$2,704,368 and direct District staff to file a notice of completion for the project.

ACTION: Staff

B. INFORMATION ITEMS

- Director Ishkanian reported on the SBCCSDA meeting of April 25, 2016.
- General Manager Gabriel reported on the staff presentation of the NPDES Annual Report to the Water Committee of the Montecito Association on April 29, 2016.

C. AGREEMENTS SIGNED

699 San Ysidro Road – Sewer Service Agreement; Pool Cabana
1586 San Leandro Lane – Sewer Service Agreement; Art Studio and Guesthouse
175 Tiburon Bay Lane – Sewer Service Agreement; Guesthouse

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the agenda packet. General Manager Gabriel reported on the influx of small plastic filter media that appeared in the treatment plant last week. Staff has been trying to determine how and where these plastics were illegally drained into the Sanitary Sewer System. This influx of objects has upset the delicate balance of the microorganisms in the treatment process, and District operators continue to pull this media from the tanks. Staff will further advise the Board on this subject at the next meeting.

8. ITEMS FOR THE NEXT AGENDA


None

9. ADJOURNMENT

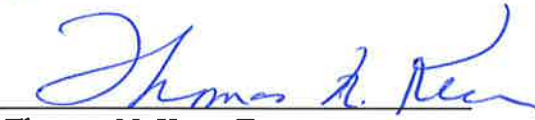
There being no other business, on MOTION to adjourn by Director Kerns and second by Director Williams, the MOTION passed unanimously without abstention and the meeting adjourned at 3:05 p.m.


Montecito Sanitary District
MINUTES – May 9, 2016


Warner B. Owens, President


Judith Ishkanian, Vice President


Jeff Kerns, Secretary


Thomas N. Kern, Treasurer


Robert Williams, Director

