

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

May 10, 2010

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT met in regular session on the 10th day of May 2010 at 1042 Monte Cristo Lane, Montecito, California, at 1:15 p.m.

ATTENDANCE

Present: Directors Charles C. Arnold, Deirdre M. Cannata, Jeff Kerns, Judith M. Ishkanian

Absent Edward P. McAniff

Also Present: Diane Gabriel, General Manager; Debbie Hughey, Office Manager; Mark Manion, Legal Counsel

Item 6.B. Grant Hoag, CDM Consulting

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes from the prior Board meeting were included in the agenda packets for Board review. Upon MOTION by Director Cannata, and seconded by Director Kerns, the minutes of April 26, 2010 were approved as submitted.

3. APPROVAL OF PAYROLL AND PAYABLES

Upon MOTION by Director Arnold, and seconded by Director Cannata, the Board approved the PAYROLL AND ACCOUNTS PAYABLE EXPENSES for the District through May 10, 2010 as follows:

Accounts Payable (5/10/10)	\$ 31,906.67	
Payroll (5/06//10)	\$ 34,245.86	
Payroll Related (5/06/10)	<u>\$ 11,150.58</u>	
TOTAL		<u>\$77,303.11</u>

4. **PUBLIC FORUM**

No member of the public was present to address the Board on non-agenda items.

5. **OLD BUSINESS**

A. **SANTA BARBARA LOCAL AGENCY FORMATION (LAFCO) – PROPOSED LAFCO BUDGET FOR FY 2010-2011**

The General Manager reminded the Board that the District had previously received a letter from LAFCO dated April 2, 2010. This letter, regarding the proposed Budget and Proposed Scheduling of Processing Fees, prompted questions about the Budget at the previous Board Meeting. The Directors determined that they would like further details on two specific items - Line Item 7510 – Contractual Staff Services and Line Item 7730 – Transportation and Travel. Director Kerns will direct these questions to Jeff Moorhouse, LAFCO Commissioner, before the June 3rd LAFCO budget meeting.

ACTION: Director Kerns

6. **NEW BUSINESS**

A. **PERSONNEL COMMITTEE REPORT**

The General Manager informed the Board that the Personnel Committee met on May 4th to discuss post-retirement medical benefits and a possible Cost of Living Adjustment (COLA) for District staff. Manager Gabriel asked Director Arnold to discuss the Personnel Committee's recommendations.

Director Arnold reported that the Committee discussed how the District could best adhere to GASB 45 which requires the District to make provisions for funding the retirement medical benefits offered by the District. The Committee reviewed an Actuarial Study of Retiree Health Liabilities report prepared specifically for the District by Total Compensation Systems, Inc. The Committee recommended that the Board vote to set up an account at Santa Barbara County and place \$30,000 per year for the next ten years into the account. This account would only be used for payment of retirement medical benefits and the monies will be funded through the Operations & Maintenance budget.

Related to the discussion of post retirement benefits, the Personnel Committee also recommended that any employee hired by the District after July 1, 2010 should not be eligible for post retirement benefits. Staff was directed to return to the Board with changes to the Employee Handbook reflecting this recommendation of the Personnel Committee.

Director Arnold also reported that the Personnel Committee reviewed and considered a COLA for District staff. Director Arnold stated that the Committee is recommending that a COLA of 2.0% be used in calculating the proposed budget for FY 2010-11.

The Board agreed with the Personnel Committee that 2% was an appropriate percentage to use in drafting the budget. Manager Gabriel reported the draft budget will go to the Finance Committee and then the Board for approval.

ACTION: Finance Committee and Staff

B. SEWER CONNECTION FEES – FEE ANALYSIS REPORT – PRESENTATION BY MR. GRANT HOAG WITH CDM CONSULTING

Manager Gabriel gave a brief review of the District's historical connection fees. The last increase was completed in 2004 when the Board voted to take the single family connection fee from \$3,000 to \$3,250. Prior to 2004, there had not been an increase since 1990.

The General Manager introduced Mr. Grant Hoag, CDM Consulting, who was hired by the District to perform a sewer connection fee analysis. President Ishkanian and the Directors welcomed Mr. Hoag.

Mr. Hoag passed out an Agenda for the Wastewater Connection Fee Update Study Findings. Mr. Hoag explained that he was asked to give a presentation on how sewer fee connections are calculated and to provide a recommendation for new fees based on these calculations.

Mr. Hoag pointed out to the Board that it was important to remember that connection fees are not charges for existing customers; they are a one-time charge to developers seeking to connect into an existing system so that growth will pay for itself. This means that existing customers will not have to pay for the cost that the District incurs by serving new development. Mr. Hoag went over his calculation methodology and tables explaining in detail and answering the Board's questions.

The existing connection fee is \$3,250 per single family residence. His recommendation was that the District's connection fee for a single family residence be increased to \$7,320. Mr. Hoag also recommended that a schedule of connection fees be enacted for non-residential customers based on "ERU" (Equivalent Resident Units) and that all connection fees be increased periodically based on an inflationary escalator.

After some discussion the Board instructed the General Manager to move forward with drafting a resolution which incorporates the recommendations in the CDM report entitled "Montecito Sanitary District Updated Connection Fees." The Board also directed the General Manager to prepare a draft letter to all properties on septic with sewer available informing them of the Boards' upcoming consideration of an increase in the District's connection fees.

President Ishkanian thanked Mr. Hoag, stating how much the Board appreciated his presentation.

ACTION: Staff

C. INFORMATIONAL ITEMS

1. *Santa Barbara County Planning & Development – Montecito Growth Management Ordinance*

The Board was informed that the County is preparing the necessary environmental documents to extend this ordinance.

D. AGREEMENT SIGNED BY BOARD OFFICERS

Sewer Service Agreement for new Pool Cabana (1240 East Valley Road)

7. OPERATIONS AND MAINTENANCE

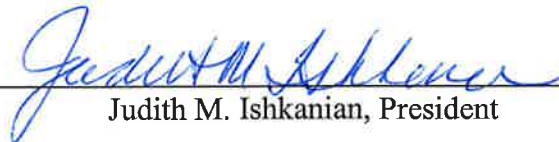
The Board reviewed the Operations and Maintenance information included in their agenda packets.

8. ITEMS FOR THE NEXT AGENDA

1. Employee Handbook Changes regarding eliminating retirement medical benefits for new hires

9. ADJOURNMENT

There being no further business to come before the Board, it was MOVED by Director Cannata, and seconded by Director Kerns, that the meeting be adjourned. The MOTION carried, and the meeting adjourned at 3:12 pm.



Judith M. Ishkanian, President



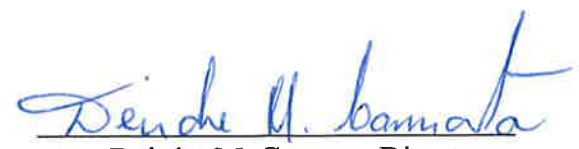
Jeff Kerns, Vice-President

A B S E N T

Edward P. McAniff, Treasurer



Charles C. Arnold, Secretary



Deirdre M. Cannata, Director