

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

June 7, 2019

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 1:15 p.m. on June 7, 2019 at 1042 Monte Cristo Lane, Montecito, California.

ATTENDANCE

Present: Directors Tom Bollay, Woody Barrett, Jeff Kerns, Dana Newquist, and Thomas Kern

Absent: None

Also Present: Diane M. Gabriel, MSD General Manager/District Engineer
Toni M. McDonald, MSD District Administrator
Carrie Poytress, MSD Engineering Manager
Alex Alonzo, MSD Operations Manager
Janet McGinnis, District Legal Counsel
Hillary Hauser, Heal the Ocean
Donna Senaur, Resident
Ed Martin, Resident
Bob Short, Resident
Melinda Burns, Journalist
Bob Hazard, *Montecito Journal*

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of the May 9, 2019 meeting were included in the agenda packet. On MOTION by Director Newquist and second by Director Tom Kern, the Board approved unanimously the minutes of May 9, 2019.

4. APPROVAL OF PAYABLES

On MOTION by Director Newquist and second by Director Jeff Kerns, the Board approved unanimously these payroll and accounts payable expenses from May 10, 2019 through June 7, 2019:

Accounts Payable Expenses	\$ 172,034.06
Capital Improvement	122,572.59
Payroll and Related Expenses	<u>182,400.11</u>

Total Expenses	\$ 477,006.76
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5. **PUBLIC COMMENT**

Ed Martin addressed the Board for an item on the agenda. His remarks were considered in Agenda Item 7F.

6. **OLD BUSINESS**

A. **Montecito Water Reuse**

Director Bollay stated the Administration & Operations (A&O) Committee will report on the June 4th joint meeting with the Montecito Water District at the Board meeting of June 13th.

7. **NEW BUSINESS**

A. **Finance Committee Meeting - Report**

The Finance Committee reported on its meeting of May 10, 2019 and distributed minutes. Director Tom Kern reported the Committee discussed the following items:

- **Essential Services Building**

The Committee reviewed the costs associated with the project. Director Barrett suggested adding a change order allowance in the amount of \$200,000. After lengthy discussion the Committee agreed the proposed expenditures of \$4,621,486 caused no significant concern for the District financially.

- **Funding options for recycled water project**

The Committee discussed using \$400,000 in property tax allocation revenue annually to fund a project to deliver recycled water to the Santa Barbara Cemetery. The Committee agreed these funds could be designated for that purpose.

- **Single audit report for FEMA claim**

The Committee reviewed the single audit report for the Thomas Fire Debris Flow FEMA claim prepared by Bartlett, Pringle, & Wolf, LLP, which was presented to the Board later in the meeting in Agenda Item 6.E.

ACTION: None

B. **Personnel Committee Meeting - Report**

The Personnel Committee reported on its meeting of May 10, 2019 and distributed minutes. Director Tom Kern reported the Committee discussed the FY2019-20 Cost of Living Adjustment (COLA), and had recommended that staff prepare the proposed FY2019-20 budget using a 2.75% COLA.

ACTION: None

C. **Public Information Committee – Public Outreach**

Staff distributed the first Q&A piece prepared by the Public Information Committee that appeared in the Montecito Journal on May 30th. The Board agreed that the Public Information to should continue using the Q&A format for public outreach.

ACTION: Public Information Committee

D. Montecito Sanitary District Resilience Report

General Manager Gabriel presented the Resilience Report that had been given to the Montecito Planning Commission at its meeting of May 15th.

ACTION: None

E. Independent Auditor's Report on Compliance for Department of Homeland Security (DHS) Disaster Grant – Public Assistance following Thomas Fire/Debris Flow

Staff distributed the single audit dated February 22, 2019 that was prepared by Bartlett, Pringle & Wolf for the District's FEMA claim following the January 9, 2018 Debris Flow. The opinion of the audit was the District complied, in all material respects, with the compliance requirements on its DHS Disaster Grant-Public Assistance, and that no internal control deficiencies were identified.

ACTION: None

F. Essential Services Building – Consideration of Award of Contract – Approval of Notice of Exemption and Findings – Approval of Construction Services Contracts

Staff reported that bids for the Essential Services Building were received on April 25, 2019. The low responsible and responsive bid was from Menemsha Development Group, Inc. in the amount of \$4,380,900. At its meeting on April 30, 2019, the A&O Committee determined certain items could be removed from the bid resulting in significant savings. With these items removed, the contract with Menemsha would be \$4,111,486.

Staff reported that at its meeting of May 10th, the Finance Committee reviewed project expenditures to date (\$423,000) and proposed expenditures for construction, architectural support, and inspection services (\$4,621,486), and determined these expenditures caused no concern to the District from a financial standpoint.

President Bollay made the following introductory comments:

“The proposed Essential Services Building has been in the planning stages for fifteen years. The District's 2004 Master Plan included the building, and reserved a 36,000 square foot area for recycled water production, among other facilities intended to provide the community with the necessary sanitary sewer services. Thirty of the 34 capital projects identified as “mission critical” in 2007 have so far been completed. Three additional projects are currently underway, and the one remaining project on the list is the Essential Services Building. All of the projects are fully funded by fees collected specifically for those projects.

As for this remaining capital project, I think it is important to note the following:

- The Board approved the design contract for the Essential Services Building in 2017
- Neighbors, including the Fairway Condominium Homeowners Association, Music Academy and Cemetery were consulted and supported the project

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- The Montecito Association Board and their Land Use Committee supported the project
- Twenty publicly noticed meetings have taken place to discuss the Essential Services Building
- The Board awarded the contract for rough grading of the building site in October of last year, and that work was accepted as complete by the Board in January of this year.
- The Board authorized staff to advertise for bids to construct the building in March of this year.
- The MSD Finance Committee has determined that funding the Essential Services Building Project causes no concern for the District from a financial standpoint.
- The MSD Administration & Operations Committee at their meeting on April 30th stated that they would recommend award of the construction contract subject to Finance Committee evaluation.”

Five members of the public then addressed the Board.

President Bollay opened discussion among the Board members.

After discussion, on MOTION by Director Jeff Kerns and second by Director Tom Kern to proceed with the construction of this project and award the contract with the following Board actions:

- a) Award and authorize the execution of a contract with Menemsha Development Group in the amount of \$4,111,486 for the construction of the Essential Services Building Project, Bid No. 100-19,
- b) Authorize the General Manager to approve expenditures up to \$200,000 to cover any cost increase that may result from contract change orders for extra work or differences in bid quantities and actual quantities,
- c) Accept and approve the Notice of Exemption and necessary findings as stated by District legal counsel,
- d) Approve time and materials professional services contract in the amount of \$156,000 with Cearnal Collective for construction support services and authorize the General Manager to approve expenditures of up to \$40,000 for extra services that may result from changes in the scope of work,
- e) Authorize the General Manager to issue a purchase order to Kenco Construction Services, Inc. for time and materials construction inspection services in an amount not to exceed \$114,000,

The MOTION passed with the following vote:

AYES: Kern, Bollay, Kerns
NAYS: Newquist, Barrett
ABSTAIN: None

ACTION: Staff

G. 2019 Policies, Procedures, and Practices Manual of the Governing Board of Directors

Staff distributed copies of the 2019 Policies, Procedures, and Practices Manual of the Governing Board of Directors adopted at the Board meeting of May 9th, 2019.

ACTION: None

H. Information Items

- Schedule for MSD Board of Directors meetings 2019
- Annual CASA Conference – San Diego – August 21-23
- SBCCSDA meetings
- LAFCO election- Board was informed of necessary runoff election between the Regular Special District Member candidates Judy Ishkanian and Jay Freeman

I. Agreements Signed

None

8. ENGINEERING, OPERATIONS AND MAINTENANCE

The Board reviewed the information in the Board packet.

9. ITEMS FOR FUTURE AGENDAS

The following items were requested to appear on a future Board agenda:

- Proposed FY2019-20 budget
- Discussion and policy for addressing the request to teleconference Board meetings

10. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Jeff Kerns and second by Director Newquist, the MOTION passed unanimously without abstention and the meeting adjourned at 4:09 p.m.



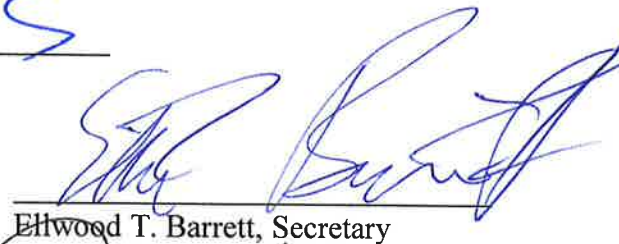
Thomas Bollay, President



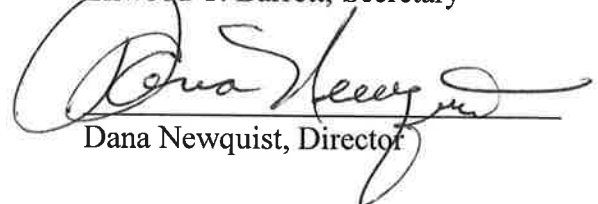
Jeffrey Kerns, Vice President



Thomas Kern, Treasurer



Ellwood T. Barrett, Secretary



Dana Newquist, Director

