

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

**June 9, 2014**

**1. CALL TO ORDER**

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on June 9, 2014 at 1042 Monte Cristo Lane, Montecito, California.

**ATTENDANCE**

**Present:** Directors Thomas Kern, Jeff Kerns, Judith M. Ishkanian, Warner B. Owens, and Deirdre M. Cannata

**Absent:**

**Also Present:** Diane M. Gabriel, General Manager  
Toni M. McDonald, District Administrator  
Janet McGinnis, Legal Counsel

**2. APPROVAL OF MINUTES OF THE LAST MEETING**

The minutes of May 12, 2014 were included in the agenda packet.

On MOTION by Director Kerns and second by Director Ishkanian the minutes were approved unanimously without abstention.

**3. APPROVAL OF PAYROLL AND PAYABLES**

On MOTION by Director Ishkanian and second by Director Owens, the Board approved unanimously without abstention the following PAYROLL AND ACCOUNTS PAYABLE EXPENSES from May 13, 2014 through June 9, 2014:

Accounts Payable Expenses	\$ 77,618.39
Payroll and Related Expenses	<u>145,781.45</u>
Total Expenses	\$ 223,399.84

**4. PUBLIC COMMENT**

No member of the public addressed the Board.

**5. OLD BUSINESS**

None

**6. NEW BUSINESS**

**A. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**

The Board met in closed session with legal counsel to discuss the District's significant exposure to a lawsuit because of a controversy arising from Union Pacific Railroad's demand that the District remove a facility or enter a lease for its site. Gov. Code, § 54956.9(d)(2).

Upon returning to open session, Ms. Janet McGinnis, District Legal Counsel, stated that there was no action to report from the closed session.

ACTION: None

**B. FISCAL YEAR 2014-2105 PROPOSED OPERATIONS AND MAINTENANCE BUDGET-REPORT FROM THE FINANCE COMMITTEE**

President Kern reported that the Finance Committee had met with staff on May 29, 2014 to review the proposed O&M Budget for 2014-2015 (Exhibit A). The General Manager discussed the details of the budget, including the two percent cost of living allowance recommended by the Personnel Committee, and the additional maintenance expense budgeted for on-going plant maintenance and projects which had been previously contracted out. She pointed out a new budget item for mechanical tools for the new mechanic position and to stock the Crane Truck. The General Manager also discussed the budgeted amount for a possible sewer rate study and the current fund balances and revenue projections for the next fiscal year (Exhibit B).

On MOTION by Director Owens and second by Director Ishkanian to approve the Fiscal Year 2014-2105 Operations and Maintenance Budget and the Estimated Revenue Projections as presented, the MOTION passed unanimously without abstention.

ACTION: Staff

**C. CERTIFICATES OF PARTICIPATION (COPs) – STATUS REPORT AND DESIGNATION OF ADDITIONAL MISSION CRITICAL PROJECTS AND FUNDING AMOUNTS**

The General Manager discussed the proposed COP projects for Fiscal Year 2014-2015 (Exhibit C), identifying the completed, ongoing, and new projects for 2014-15. New projects are to replace the aeration system, rehabilitate the DAFT system, modify the belt press electrical controls, modify Lift Station #1 for a bypass pump, and purchase a push camera to allow Collections to inspect smaller pipes. The budgeted COP projects exceed remaining COP funds; therefore, if all projects should be completed as budgeted, the excess would be financed from the capital replacement fund.

On MOTION by Director Kerns and second by Director Ishkanian to approve the Designation of Additional Mission Critical Projects and Funding Amounts as presented, the MOTION passed unanimously without abstention.

ACTION: Staff

**D. RESOLUTION NO. 2014-884 – SETTING THE DATE, TIME AND PLACE FOR THE ANNUAL SEWER SERVICE CHARGE HEARING TO COLLECT SEWER SERVICE CHARGES ON THE COUNTY TAX ROLL**

The Board reviewed Resolution No. 2014-884 which sets the date, time and place for the annual sewer service charge hearing to collect sewer service charges on the county tax roll (Exhibit D).

Upon MOTION by Director Cannata and second by Director Ishkanian to adopt Resolution No. 2014-884, the MOTION passed with the following roll call vote:

AYES: Cannata, Ishkanian, Kern, Kerns, Owens  
NAYS: None  
ABSENT: None

ACTION: Staff

**E. INFORMATION ITEMS**

Director Cannata notified the Board she will not seek re-election in November 2014.

**F. AGREEMENTS TO BE SIGNED**

None.

**7. OPERATIONS AND MAINTENANCE**

The Board reviewed the information in the agenda packet.

**8. ITEMS FOR THE NEXT AGENDA**

- Review Board Travel Policy

**9. ADJOURNMENT**

There being no other business, on MOTION to adjourn by Director Cannata and second by Director Ishkanian, the MOTION passed unanimously without abstention and the meeting adjourned at 3:18 p.m.



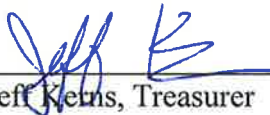
Thomas N. Kern, President



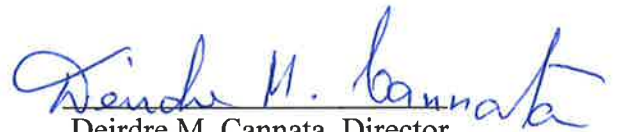
Judith Ishkanian, Vice President



Warner B. Owens, Secretary



Jeff Kerns, Treasurer



Deirdre M. Cannata, Director