

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

**November 14, 2016**

**1. CALL TO ORDER**

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on November 14, 2016 at 1042 Monte Cristo Lane, Montecito, California.

**ATTENDANCE**

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

**Absent:** None

**Also Present:** Diane M. Gabriel, General Manager  
Toni M. McDonald, District Administrator  
Alex Alonzo, Operations Manager  
Carrie Poytress, Engineering Manager  
  
Tracey Solomon, Bartlett Pringle & Wolf  
Lisa Gray, Bartlett Pringle & Wolf  
Sophie Calvin, Resident  
Nick Turner, General Manager Montecito Water District

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

The minutes of October 31, 2016 were included in the agenda packet.

On MOTION by Director Ishkanian and second by Director Williams, the minutes were approved as amended unanimously without abstention.

**3. APPROVAL OF PAYROLL AND PAYABLES**

On MOTION by Director Kern and second by Director Kerns, the Board approved unanimously without abstention these payroll and accounts payable expenses from October 31, 2016 through November 14, 2016:

Accounts Payable Expenses	\$ 131,420.03
Payroll Expenses	<u>82,334.94</u>
Total Expenses	\$ 213,754.97

**4. PUBLIC COMMENT**

None

**5. OLD BUSINESS**

**A. MONTECITO WATER REUSE**

Engineering Manager Poytress reported that she, General Manager Gabriel, and Operations Manager Alonzo had met with representatives from the Santa Barbara Cemetery to gauge its interest in using recycled water. The Cemetery stated interest and its need for approximately 25,000 hundred cubic feet (hcf) of recycled water each year or 52,000 gallons per day (gpd).

The District team and Montecito Water District General Manager Nick Turner met with representatives for the Music Academy of the West (MAW). MAW is interested in using recycled water for irrigation and could use approximately 3,500 hcf per year or 7,000 gpd.

Next week the District team and Mr. Turner will meet with a representative of Ty Warner to discuss the use of recycled water for Mr. Warner's personal property at 1000 Channel Drive and at the Four Seasons Biltmore resort.

**6. NEW BUSINESS**

**A. FINANCIAL AUDIT REPORT – FISCAL YEAR 2015-2016**

Tracey Solomon, CPA, of Bartlett, Pringle & Wolf presented the draft Fiscal Year 2015-2016 audit. Ms. Solomon reported that the audit went well, District records are in order, and she had the complete cooperation of management. Ms. Solomon summarized the Independent Auditors' Report: the financial statements were free of material misstatement and fairly presented the District's financial position as of June 30, 2016.

Ms. Solomon reported there were no significant or unusual transactions and no audit adjustments needed for Fiscal Year 2015-2016.

Upon MOTION by Director Williams and second by Director Kern to approve the draft Financial Audit Report for Fiscal Year 2015-2016 and to direct Bartlett Pringle & Wolf to prepare the final report for distribution in the December 12<sup>th</sup> board meeting, the MOTION passed unanimously without abstention.

ACTION: Bartlett Pringle & Wolf / Staff

**B. FINANCE COMMITTEE REPORT**

The Finance Committee reported on its November 7th meeting in which it reviewed the initial draft of the Financial Audit Report for Fiscal Year 2015-2016, and instructed staff to make necessary edits before its presentation to the Board.

ACTION: None

**C. ADMINISTRATION & OPERATIONS (A&O) COMMITTEE REPORT**

The A&O Committee reported on its November 2nd meeting in which it reviewed and discussed the use of recycled water for neighboring properties, the new administration building, the Miramar Sewer Infrastructure project, the Treatment Plant Aeration Basin Air Header Rehab project, and the North Sierra Vista Mainline Extension project.

ACTION: None

**D. TREATMENT PLANT AERATION BASIN AIR HEADER REHABILITATION PROJECT**

Operations Manager Alonzo reported on the current state of the aeration basin air headers and the need for rehabilitation. This project is budgeted in the FY 2016-17 Capital Improvement Budget for \$550,000. The existing air headers (steel piping) were part of the original construction of the plant and have reached the end of their useful life. WSG Solutions in Pennsylvania is the only known source for this equipment.

After discussion, upon MOTION by Director Williams and second by Director Ishkanian to authorize the General Manager to issue a purchase order to WSG Solutions in an amount not to exceed \$300,000 for parts needed for the Aeration Basin Air Header rehabilitation, the MOTION passed unanimously without abstention.

ACTION: Staff

**E. NORTH SIERRA VISTA SEWER MAIN EXTENSION – AUTHORIZATION TO ADVERTISE FOR BIDS**

General Manager Gabriel reviewed for the Board the North Sierra Vista Sewer Main Extension project. Four properties northeast of Barker Pass were annexed into the District in November 2014. In February 2016 the Board authorized a professional services contract for the design of a sewer main extension to serve the four properties. The projected cost estimate for the construction of the extension is \$252,000. The District has informed the property owners of their share of the construction costs, and all four parcels have responded they are interested in the District obtaining construction bids so that the actual costs will be known.

After discussion, upon MOTION by Director Kerns and second by Director Williams to authorize staff to advertise this project for bids, obtain written financial participation commitment from the owners of the four parcels and return to the Board for consideration of the award of the contract, the MOTION passed unanimously without abstention.

ACTION: Staff

**F. NEW MIRAMAR SEWER INFRASTRUCTURE PROJECT CHECKING ACCOUNT WITH MONTECITO BANK & TRUST**

District Administrator McDonald recommended that a new account with Montecito Bank & Trust be created for the design and construction of the Miramar Resort sewer infrastructure. A separate account for this project will allow for transparency and accountability for project expenses. The new account will be funded by the Miramar Acquisition Co. LLC, with disbursements to be made by the District. A signature card was completed naming all Board members and the General Manager as authorized signers on the new account.

Upon MOTION by Director Kern and second by Director Kerns to authorize the creation of a new account with Montecito Bank & Trust for the Miramar sewer infrastructure project, the MOTION passed unanimously without abstention.

ACTION: Staff

**G. INFORMATION ITEMS**

- Director Ishkanian reported on her attendance at the LAFCO Conference in October, and reminded the Board of the SBCCSDA holiday meeting on Friday, November 18<sup>th</sup> in Buellton.
- Staff reminded the Board of the District holiday party December 17<sup>th</sup> at Stella Mare's.
- The CASA Conference is January 18-20 in Palm Springs and Directors Williams and Ishkanian will attend.

**H. AGREEMENTS SIGNED**

None

**7. OPERATIONS AND MAINTENANCE**

The Board reviewed the information in the agenda packet.

**8. ITEMS FOR THE NEXT AGENDA**

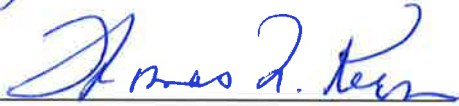
**9. ADJOURNMENT**

There being no other business, on MOTION to adjourn by Director Williams and second by Director Ishkanian, the MOTION passed unanimously without abstention and the meeting adjourned at 3:11 p.m.

  
Warner B. Owens, President

  
Judith Ishkanian, Vice President

  
Jeff Kerns, Secretary

  
Thomas N. Kern, Treasurer

  
Robert Williams, Director