

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

November 12, 2012

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT met in regular session on the 12th day of November 2012 at 1042 Monte Cristo Lane, Montecito, California, at 1:15 p.m.

ATTENDANCE

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

Absent: Edward P. McAniff

Also Present: General Manager Diane M. Gabriel; Debbie Hughey, Office Manager

Item 6.A.: Ms. Danna McGrew and Ms. Tracey Solomon with Bartlett, Pringle & Wolf

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes from the prior Board meeting were included in the agenda packet for Board review.

Upon MOTION by Director Cannata, and seconded by Director Arnold, the minutes of October 29, 2012 were approved as submitted.

3. APPROVAL OF PAYROLL AND PAYABLES

Upon MOTION by Director Ishkanian, and seconded by Director Arnold, the Board approved the PAYROLL AND ACCOUNTS PAYABLE EXPENSES for the District through November 12, 2012 as follows:

| | |
|-----------------------------|-------------|
| Accounts Payable (10/31/12) | \$18,649.88 |
| Payroll (11/1/12) | \$33,189.90 |
| Payroll Related (11/1/12) | \$10,073.25 |

TOTAL

\$61,913.03

4. PUBLIC COMMENT

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

5. OLD BUSINESS

No old business.

6. NEW BUSINESS

A. FINANCIAL AUDIT REPORT FISCAL YEAR 2011-2012

Manager Gabriel introduced Ms. Danna McGrew and Ms. Tracey Solomon, CPA's with Bartlett, Pringle and Wolf, LLP Certified Public Accounts and Consultants (BPW). Ms. McGrew and Ms. Solomon attended the meeting to present and review the June 30, 2012 and 2011 Draft Financial Statements with the Board. Draft copies were included in the agenda packet.

Ms. McGrew began the presentation by informing the Board that the audit went well, they had received full cooperation from management, and there were no disagreements regarding accounting and auditing issues. She summarized the Independent Auditors' Report stating that the financial statements were free of material misstatement and that the statements presented fairly the financial position of the Montecito Sanitary District as of June 30, 2012 and 2011. Ms. McGrew also noted that the changes in the District's financial position and its cash flows conform to accounting principles generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

A draft of the Management Letter, distributed to the Board, was reviewed by Ms. McGrew. The Management Letter is written to suggest possible improvements but does not specifically affect the audit. Ms. McGrew noted that last year's letter had suggested recommendations for internal controls and these issues had been totally resolved. Both Ms. McGrew and Ms. Solomon thanked the District staff for their full cooperation and availability during the audit.

Ms. McGrew then presented the Management's Discussion and Analysis portion of the report, covering pages 2 through 9, which consisted of an overview of the District's transactions (net assets, revenues, operating expenses, and COPs.) Ms. McGrew presented a general review of the remainder of the report and then turned over the presentation to Ms. Solomon, who explained specific details about assets, liabilities, revenues, and expenses and answered all their questions to the Board's satisfaction.

It was brought to the auditors' attention that page 9 – Expenditure Increases or Decreases in 2010-2011 – used the words “decrease” and “increase” erroneously and this mistake should be corrected.

President Kerns thanked Ms. McGrew and Ms. Solomon for their report.

After discussion, a MOTION was made by Director Arnold, and seconded by Director Ishkanian that the June 30, 2012 and 2011 Draft Financial Statements be accepted with the identified minor corrections and distributed in their final form at the next Board meeting. The MOTION passed unanimously.

ACTION: Bartlett Pringle & Wolf / Staff

B. REFUND REQUEST FOR SEWER SERVICE CHARGES – 1119 ALSTON ROAD

Manager Gabriel reported that the District received a letter (copy enclosed in agenda packets) dated November 1, 2012 from Mr. Joseph Bissell, owner of a vacant lot at 1119 Alston Road. In 2004 Mr. Bissell planned to build a new single family residence on this lot. On April 21, 2004 the District issued Mr. Bissell a permit for the construction of a single family residence. On July 21, 2004 the District signed off on the lateral installation and finalized the permit; however, construction of the single family residence did not take place. The District has collected annual sewer service charges from Mr. Bissell's vacant lot since the finalization of the permit in an amount totaling \$6,958. Mr. Bissell's letter to the Board requested a full refund for these sewer service charges.

After discussion, a MOTION was made by Director Arnold, and seconded by Director Ishkanian, authorizing the General Manager to refund Mr. Bissell's sewer service charges for 2004-05 through 2012 in the amount of \$6,958. The MOTION passed unanimously.

ACTION: Staff

C. PERSONNEL COMMITTEE MEETING - REPORT

The General Manager reported that on Thursday, November 8th she met with the Personnel Committee to discuss the organizational structure of the District which included both current and future staffing needs.

The Personnel Committee made the following recommendations to the Board:

- Create a new position called Laboratory & Pretreatment Manager. Since the completion of the new testing laboratory the District has been working towards certification by the California Department of Public Health's Environmental Laboratory Accreditation Program (ELAP) to comply with all the statues and regulations. Diane Lawver, the District's ELAP Certification Consultant from Quality Assurance Solutions, LLC provided a job description for this position and recommended that the position be filled as soon as possible.

- Change the Collection System Lead position title to Collection System Supervisor. The new title will not result in a change in salary or expenses.
- Effective July 1, 2013 discontinue the annual payment to Carpinteria Sanitary District for the joint Safety Officer position. Through a Cooperative Use Agreement with Carpinteria Sanitary and two other local sanitary districts, MSD has been paying for the services of a Safety Officer. Due to the increase in costs to the District, it was determined that participation was no longer in the best interest of the District.

After much discussion, a MOTION was made by Director Ishkanian, and seconded by Director Cannata, that the Board authorize the General Manager to initiate the changes as recommended by the Personnel Committee. The MOTION passed unanimously.

ACTION: General Manager

D. TREATMENT PLANT SITE SECURITY

Manager Gabriel stated that on November 2nd management staff met with a representative from Draganchuk Security to research how to increase security at the Treatment Plant. There was a full inventory after the theft on October 28th and currently the District is just replacing what is needed as that need arises. The General Manager reported on the various options and potential costs for each option. Increased security measures will be initiated and the actions taken will be reported to the Board.

ACTION: General Manager

E. INFORMATIONAL ITEMS

1. Collections and Operations crew members, along with Directors Arnold and Ishkanian, participated in Montecito Beautification Day on November 3rd.
2. Board members and staff are invited to a Holiday Party at Holdren's in Goleta on Saturday, December 15th at 6:00 p.m.

7. OPERATIONS AND MAINTENANCE

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

8. FUTURE AGENDA ITEMS

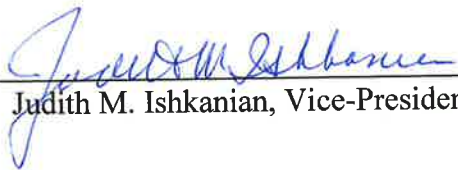
None

9. **ADJOURNMENT**

There being no further business to come before the Board, it was MOVED by Director Arnold, and seconded by Director Cannata, that the meeting be adjourned. The MOTION carried, and the meeting adjourned at 3:05 pm.



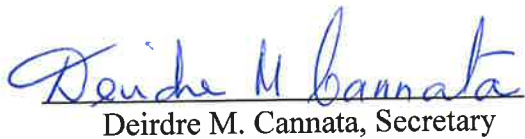
Jeff Kerns, President



Judith M. Ishkanian, Vice-President

A B S E N T

Edward P. McAniff, Treasurer



Deirdre M. Cannata, Secretary



Charles C. Arnold, Director