

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

October 29, 2012

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT met in regular session on the 29th day of October 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 Edward P. McAniff

Absent: Jeff Kerns

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

Public Forum: Tom Kern, Montecito Resident / Property Owner

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 Arnold, the minutes of September 24, 2012 were approved as submitted.

3. APPROVAL OF PAYROLL AND PAYABLES

Upon MOTION by Director McAniff, and seconded by Director Arnold, the Board approved the PAYROLL AND ACCOUNTS PAYABLE EXPENSES for the District through October 29, 2012 as follows:

| | |
|-----------------------------|--------------|
| Accounts Payable (10/3/12) | \$48,357.15 |
| Accounts Payable (10/10/12) | \$36,805.04 |
| Accounts Payable (10/24/12) | \$27,642.97 |
| Accounts Payable (10/29/12) | \$107,019.00 |
| Payroll (10/4/12) | \$33,788.34 |
| Payroll Related (10/4/12) | \$9,664.50 |

| | |
|----------------------------|-------------|
| Payroll (10/18/12) | \$32,577.36 |
| Payroll Related (10/18/12) | \$30,711.30 |

TOTAL **\$326,565.66**

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. SEWER SYSTEM MANAGEMENT PLAN (SSMP) AUDIT REPORT

Manager Gabriel reported that on April 26, 2010 the Board approved the Sewer System Management Plan (SSMP) for the operations of the District's collection system. The preparation of an SSMP is a requirement of the California State Water Resources Control Board along with a required SSMP audit every two years. The District's Collection System Manager, Alex Alonzo, presented a summary of the results of the SSMP audit to the Board. Mr. Alonzo reported that the SSMP is the District's guide on managing the collection system and the Audit Report is reexamined to review what's working and what is not working. Mr. Alonzo highlighted some of the sections of the report which included monitoring the District for consistency, spills, fats, oils and grease (FOG) and the system's capacity.

The primary goal of the SSMP is to prevent spills. In 2010 there were ten spills. In 2011 there were five spills, one of which was caused by a vehicle running into an air release valve and another caused by a contractor. In 2012 there has only been one spill. Mr. Alonzo stated that the District will be conducting more outreach to commercial and institutional customers to educate them on how they can improve their system which in turn improves the District's system.

An important objective of the SSMP is reviewing the system's capacity which includes finding, preparing and addressing defects and making sure the infrastructure is sound. Mr. Alonzo stated that the District is constantly working on this and he thanked the Board for approving the \$40,500 to rehabilitate the manhole on South Jameson. He also reported that the District has done a great job of hiring staff that care about what they do; who are willing to take responsibility and have pride of ownership.

Mr. Alonzo concluded by saying that the SSMP is definitely working for the District and in two years the District will have an even better idea about what activities help manage our system which will be reflected on future SSMP reports.

The Board commended Alex and his staff for doing an excellent job.

ACTION: None Required

B. SOUTH JAMESON LANE MANHOLE REPLACEMENT – NOTICE OF COMPLETION – TIERRA CONTRACTING

Manager Gabriel reported to the Board that at their meeting on September 24, 2012, Resolution No. 2012-876 was passed authorizing the General Manager to issue a purchase order to Tierra Contracting for the replacement of a severely deteriorated sewer manhole on the District's 21" inch diameter trunk main sewer in South Jameson Lane near Danielson Road. The purchase order was for the time and materials not-to-exceed amount of \$40,500.

Tierra Contracting has successfully completed the removal and replacement of the manhole without incident due in part to the preparation and groundwork of Alex Alonzo, Collection System Manager and his crew. The Collections staff rerouted flow through the old force main leaving just one direction of flow during the removal and replacement which helped Tierra complete their job sooner.

After discussion, a MOTION was made by Director Cannata, and seconded by Director Arnold, that the Board accept the manhole replacement project for the total completed cost of \$40,500 and authorize staff to issue a Notice of Completion for the project. The MOTION passed unanimously.

ACTION: Staff

C. REPLACEMENT OF SODIUM HYPOCHLORITE TANK – HARRINGTON INDUSTRIAL PLASTICS – AUTHORIZATION OF PURCHASE ORDER

Manager Gabriel reported to the Board that during a recent inspection of the existing 3,000 gallon sodium hypochlorite tank damage was noted. Significant stress fractures radiating outward from the discharge bulkhead wall of the HDPE tank were identified. A temporary patch was installed to allow the tank to remain in service until a new tank can be obtained. The existing tank has been in service since 2002 but given its frequent filling and draining, the tank has come to the end of its useful service life.

Manager Gabriel stated that it is necessary to purchase a tank with the same specifications to enable placement within the existing containment area and to allow for the use of the existing earthquake restraint system and discharge piping / pumping set up. Staff's investigation has determined that the tank that meets the requirements is available from Harrington Industrial

Plastics. Staff has negotiated a price for the 3,000 gallon HDPE tank, necessary fittings, gaskets, tubing and plugs for a not to exceed price of \$18,510.15 (includes tax and freight charges.)

Manager Gabriel reported that the District's capital improvement project budget (funded by the COP proceeds) includes \$30,000 for Hypochlorite Pumps / Disinfection System Improvements (Project No. 18.) The purchase of the tank will be charged to this project.

After much discussion, a MOTION was made by Director Arnold, and seconded by Director McAniff, that the Board authorize the General Manager to issue a purchase order to Harrington Industrial Plastics in the not to exceed amount of \$18,510.15. The MOTION passed unanimously.

ACTION: General Manager

D. 1514 EAST MOUNTAIN DRIVE SEWER MAIN EXTENSION – DEDICATION AGREEMENT FOR SEWER MAIN FACILITIES WITH MR. IVAN FECAN – NOTICE OF COMPLETION – ACCEPTANCE OF SEWER MAIN FACILITIES

The General Manager reminded the Board that at their meeting on August 27, 2012 a Dedication Agreement for Sewer Main Facilities was authorized with Mr. Ivan Fecan, owner of 1514 East Mountain Drive. In order for Mr. Fecan's property to be connected to the District's sewer system, it was necessary to construct 670 feet of 8" sewer main. The District's "Dedication Agreement" called for Mr. Fecan to design the sewer main extension in accordance with District standards, to obtain all permits and bonds, grant all necessary easements, construct the sewer main and dedicate the sewer to the District.

Sewer main construction has been completed and District staff has inspected the installation and confirmed that the owner has met the requirements of the agreement. In accordance with Section 14 of the "Dedication Agreement" the District will hold 10% of the construction cost amount of \$118,910 for a one year period as a warranty / guarantee of the work.

After discussion, a MOTION was made by Director Cannata, and seconded by Director McAniff, that the Board accept the new main and authorize the General Manager to provide the owner with a written Notice of Completion and the District's acceptance. The MOTION passed unanimously.

ACTION: General Manager

E. 1514 EAST MOUNTAIN DRIVE SEWER MAIN EXTENSION – REQUEST FOR REIMBURSEMENT AGREEMENT – MR. IVAN FECAN

Manager Gabriel reported that Mr. Ivan Fecan, owner of 1514 East Mountain Drive funded the construction of 670 feet of 8 inch sewer main and dedicated these facilities to the District in accordance with the executed "Dedication Agreement." This sewer main extension could potentially serve one other neighboring property and also enable other properties on the private road to be more readily served by the District with future sewer main extensions.

Mr. Fecan requested that the Board consider giving him conceptual approval of a reimbursement agreement. After conceptual approval, Mr. Fecan will provide the District with the funds needed to hire a consulting engineer to conduct an analysis that would determine which properties would benefit from the construction of the main line extension and the specific cost assessment for each specific property.

After discussion, a MOTION was made by Director Arnold, and seconded by Director Cannata, that the Board enter into a conceptual approval to a reimbursement agreement with Mr. Fecan and authorize staff to have the cost assessment analysis completed by a local qualified engineering firm. The MOTION passed unanimously.

ACTION: Staff

F. RIVEN ROCK SEWER MAIN EXTENSION – TIERRA CONTRACTING – NOTICE OF COMPLETION

Manager Gabriel reported that at the Board meeting on July 9, 2012 a contract was awarded for the Riven Rock Sewer Main Extension Project to Tierra Contracting in the amount of \$310,990. The project was for the construction of 940 feet of 8 inch PVC sewer main in Riven Rock Road. A final job site inspection and walk through conducted by the District’s inspector and the Collection System Manager on October 10th determined that all work was performed to the satisfaction of the District. There were no contract change orders issued to Tierra making the final contract amount \$310,990.

After discussion, a MOTION was made by Director McAniff, and seconded by Director Arnold, that the Board accept the project from Tierra Contracting and authorize staff to issue a Notice of Completion. The MOTION passed unanimously.

ACTION: Staff

G. FISCAL YEAR 2012-2013 CAPITAL IMPROVEMENT PROJECTS – CERTIFICATES OF PARTICIPATION (COPs) STATUS REPORT – THRU OCTOBER 12, 2012

The General Manager handed out to the Board, for review, a spreadsheet showing a recap of the total amount of COP funds that have been spent on the capital improvement projects deemed to be “mission critical” through October 12, 2012. The total spent to date through October 12th is \$7,304,764. \$580,766 of this total has been spent for the current fiscal year, July 1st through October 12th.

ACTION: None Required

H. OPERATIONS AND MAINTENANCE (O&M) BUDGET STATUS REPORT – FIRST QUARTER – PERIOD ENDED SEPTEMBER 30, 2012

The Board O&M Budget Status Report which had been included in the agenda packets, detailed the first quarter of the current fiscal year (FY 2012-13) and showed that 31% of the total Operations & Maintenance budget for this fiscal year has been spent. The District will be making a debt service payment of \$306,638.75 on December 10, 2012. Revenues for the first quarter of FY 2012-13 are approximately \$102,000.

ACTION: None Required

I. QUARTERLY INVESTMENT POLICY STATEMENT

The Board was informed by the General Manager that the District is required to make quarterly statements certifying that: (1) the investments made on behalf of the District by LAIF and the Santa Barbara County Treasurer's office were made in accordance with the District's current Investment Policy; (2) a complete and timely record of all investment transactions is maintained in the District office from reports supplied by LAIF and the Santa Barbara County Treasurer's office, and (3) the Montecito Sanitary District is able to meet its pool's expenditure requirements for the next six months.

The quarterly statement was read and signed by Board Treasurer, Edward McAniff.

ACTION: Treasurer

J. INFORMATIONAL ITEMS

1. Manager Gabriel informed the Board that Beautification Day for Montecito will be held on November 3rd. District staff will be there and the General Manager invited the Board members to attend.
2. Holiday Party – Save the Date – December 15, 2012
3. Manager Gabriel reported that the District was robbed the night of October 28th. District vehicles and sheds were broken into and items taken. The County Sheriff came the morning of October 29th and Staff is currently conducting an inventory of the stolen items.

7. OPERATIONS AND MAINTENANCE

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

8. FUTURE AGENDA ITEMS


Report on security for the District, treatment plant site.

9. ADJOURNMENT

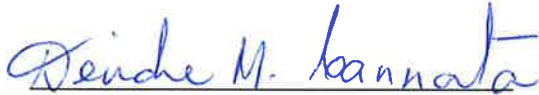
There being no further business to come before the Board, it was MOVED by Director Arnold, and seconded by Director McAniff, that the meeting be adjourned. The MOTION carried, and the meeting adjourned at 2:15 pm.


A B S E N T

Jeff Kerns, President


Judith M. Ishkanian, Vice-President


Edward P. McAniff, Treasurer


Deirdre M. Cannata, Secretary


Charles C. Arnold, Director