

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

January 13, 2014

A. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT met in a regular session on the 13th day of January 2014 at 1042 Monte Cristo Lane, Montecito, California, at 1:15 p.m.

ATTENDANCE

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

Absent: Director Deirdre M. Cannata

Also Present: Diane M. Gabriel, General Manager;
Toni M. McDonald, District Administrator

B. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of the prior Board meeting were included in the agenda packets. On MOTION by Director Kern and second by Director Owens, the minutes of December 16, 2013 were approved unanimously without abstention.

C. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Kerns and second by Director Kern, the Board approved unanimously without abstention the following PAYROLL AND ACCOUNTS PAYABLE EXPENSES from December 17, 2013 through January 13, 2014:

Accounts Payable Expenses	\$ 97,905.30
Payroll and Related Expenses	214,940.23
Total Expenses	<u>\$ 312,845.53</u>

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 – J)**

A. **ORGANIZATIONAL MEETING**

President Ishkanian called for a nomination for president. On MOTION by Director Kerns and second by Director Owens, Director Kern was nominated unanimously without abstention.

Director Kern thanked the Board for its confidence, accepted the nomination, and was elected Board President, effective at end of meeting, unanimously without abstention.

Current Board President Ishkanian presided over the following appointments of officers, consultants, and committees:

Officers

- | | |
|------------------|----------------|
| • Vice President | Judy Ishkanian |
| • Secretary | Warner Owens |
| • Treasurer | Jeffrey Kerns |

Standing Committees

- | | |
|-------------------------------------|---------------------------------|
| • Finance | Directors Kern and Kerns |
| • Administration & Operations (A&O) | Directors Kerns and Owens |
| • Personnel | Directors Ishkanian and Owens |
| • Public Information | Directors Cannata and Ishkanian |

Other Organizational Decisions

- Setting the Time, Place and Frequency of Board Meetings [Gov. Code, § 54954(a); Health & Saf. Code, § 6488]

Following discussion, on MOTION by Director Owens and second by Director Kerns for regular District meetings to continue to be held on the second and last Monday of each month at 1:15 p.m. in the District Board Room, 1042 Monte Cristo Lane, Santa Barbara, CA 93108, the MOTION passed unanimously without abstention.

ACTION: Staff

B. PERSONNEL COMMITTEE MEETING - REPORT

The General Manager reported on changes she has made in organizational structure because of the recent departure of the Operations Manager. These changes had been reviewed in the Personnel Committee's meeting on December 16th. The organizational changes include the elimination of the Operations and Maintenance Manager position overseeing the treatment plant only; the Creation of an Operations Manager position overseeing both the Collections System and the Treatment Plant; the creation of a Chief Plant Operator position responsible for treatment plant operations; and the creation of an entry level position in Collection System Maintenance.

ACTION: None

C. CERTIFICATION INCENTIVE AWARD PROGRAM – REVIEW

The current program rewarding employees \$1,000 for certifications earned over and above job requirements expired December 31, 2013. After discussing the merits of the program, on MOTION made by Director Owens and second by Director Kern to extend the existing program another five years, the MOTION passed unanimously without abstention.

ACTION: Staff

D. LIFT STATION NO. 4 – DISCUSSION OF CURRENT ISSUES

The General Manager discussed complaints received from the Home Owners Association for the condominiums which are sited behind Lift Station No. 4. The homeowners complain about the aesthetics of the lift station, which is sited slightly higher than the previous generator; the homeowners are unhappy with their view walking or driving down their driveway. The General Manager presented pictures of the current lift station and some options for better screening on the driveway side.

The homeowners complain also about planter boxes which screen the street side of the lift station. Plants in these planters are not doing well because the railroad has removed a nearby oak tree which had shaded these plants. The General Manager proposes replacing the failing plants with new plants which may include vines to conceal the planter boxes.

After further discussion, on MOTION made by Director Owens and second by Director Kern to authorize the General Manager to spend up to \$1,600 for redwood slats to be used to screen the existing fence and replace plants, the MOTION passed unanimously without abstention.

The General Manager also reported that the District has been notified by Union Pacific Railroad (UPRR) that Lift Station No. 4 is located in UPRR right of way. It wants the lift station removed immediately. The General Manager has contacted UPRR and provided documentation from 1961 showing that the lift station is in a street right of way, not on UPRR property. UPRR does not agree. As a result, the General Manager has asked Hamner Jewell Associates, a Right of Way

consultant, to investigate recorded documents and if records cannot verify the District's position, this consultant is qualified to try to negotiate a UPRR lease for the District.

E. FISCAL YEAR 2013 – 2014 CAPITAL IMPROVEMENT PROJECTS - CERTIFICATES OF PARTICIPATION (COPs) STATUS REPORT – THROUGH DECEMBER 31, 2013

The General Manager reported on the status of the mission critical capital improvement projects funded by the COPs.

F. OPERATIONS AND MAINTENANCE (O&M) BUDGET STATUS REPORT – THROUGH DECEMBER 31, 2013

Staff reviewed the current year to date expenses and revenue balances and answered questions about year to date O&M expenditures.

The status report shows total expenses budgeted for the fiscal year are \$4,747,400 and the actual year to date expenses through December 31, 2013 are \$1,865,470, which is thirty-nine percent of the total O&M annual budget. There are additional prepaid expenses totaling \$97,000 for expenses allocated to future months. This brings the total expenditures to forty-one percent of the total O&M annual budget

A large portion of the O&M budget includes the debt service payment, budgeted for \$615,000 in FY 2013-14. The District made a COP interest payment of \$300,138 by December 31, 2013. The remaining semi-annual payment of COP interest of \$300,138 will be paid by June 30, 2014, along with a principal maturity payment of \$340,000. This principal payment will reduce the COP bond liability, and is therefore not included in the O&M budget of \$615,000.

Revenues for the first two quarters of FY 2013-14 are approximately \$2,933,000. The revenue sources include property taxes, interest, sewer service charges, connection fees, and other administrative fees, such as for agreements and inspections. This revenue includes \$18,000 contributed capital, which was reimbursement for the Tabor Lane sewer main extension project.

The majority of the annual budgeted revenues (\$4,500,000) will be reported when the County distributes sewer service charges collected on property tax rolls in December 2013 and April 2014. \$2,500,000 was collected and reported in December, and is included in reported revenues.

G. QUARTERLY INVESTMENT REPORT – DECEMBER 31, 2013

Director Kern reported on the change in cash and investment accounts for the second quarter FY 2013-14 ending December, 2013 totaling \$825, 220.

H. QUARTERLY INVESTMENT POLICY STATEMENT – DECEMBER 31, 2013

The Board was informed that the District must certify quarterly that: (1) the investments made on behalf of the District by LAIF and the Santa Barbara County Treasurer's office complied with District 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; and (3) the District is able to meet its pool's expenditure requirements for the next six months.

Treasurer Kern having certified that these statements are true, the certification was signed when the meeting adjourned.

I. INFORMATIONAL ITEMS

- CASA 2014 Winter Conference January 15 - January 17, 2014 – Indian Wells – Toni McDonald will attend.
- 2014 Santa Barbara County Plumbing Code Revisions – the General Manager presented information in response to the Board's request in its December meeting about requirements for installation of water conserving fixtures under Senate Bill 407.

J. AGREEMENTS SIGNED

1174 Glenview Road, Pool Cabana and Garage

7. OPERATIONS AND MAINTENANCE

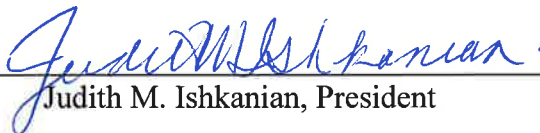
The Board reviewed the information provided in the agenda packet.

8. ITEMS FOR THE NEXT AGENDA

No items were requested or suggested.

9. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Kerns and second by Director Owens, the MOTION passed unanimously without abstention and the meeting adjourned at 2:54 p.m.



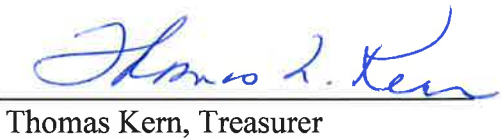
Judith M. Ishkanian, President



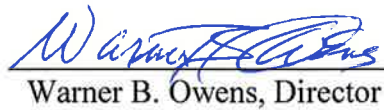
Jeff Kerns, Vice President

Absent

Deirdre M. Cannata, Secretary



Thomas Kern, Treasurer



Warner B. Owens, Director

