

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

January 12, 2015

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on January 12, 2015 at 1042 Monte Cristo Lane, Montecito, California.

ATTENDANCE

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

Also Present: Diane M. Gabriel, MSD General Manager/District Engineer
Toni M. McDonald, MSD District Administrator
Alex Alonzo, MSD Operations Manager

Bob Hazard – *Montecito Journal* and Resident

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of December 8, 2014 were included in the agenda packet.

On MOTION by Director Williams and second by Director Ishkanian, the Board approved unanimously without abstention the minutes of December 8, 2014.

3. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Ishkanian and second by Director Kerns, the Board approved unanimously without abstention the payroll and accounts payable expenses from December 9, 2014 through January 12, 2015:

Accounts Payable Expenses	\$ 205,932.98
Payroll and Related Expenses	<u>242,086.21</u>
Total Expenses	\$ 448,019.19

4. PUBLIC COMMENT

No member of the public addressed the board.

5. OLD BUSINESS

A. FINANCIAL AUDIT REPORT – FISCAL YEAR 2013-2014

Upon MOTION by Director Owens and second by Director Williams, the Board approved the Audited Financial Statements for Fiscal Year 2013-14 and directed staff to file the report with the required agencies.

ACTION: Staff

6. NEW BUSINESS

A. CHANGES IN ORGANIZATION

President Kern called for the election of the Board President. Director Owens was nominated. On MOTION by Director Ishkanian and second by Director Williams, the Board elected unanimously without abstention Director Owens as President.

President Owens then announced: “Pursuant to law, this is the time and place for the 2015 meeting to organize the members of the Governing Board.”

Judith Ishkanian was nominated as Vice President. On MOTION by Director Owens and second by Director Kern, the Board elected unanimously without abstention Director Ishkanian as Vice President.

Director Kerns was nominated as Secretary. On MOTION by Director Ishkanian and second by Director Kern, the Board elected unanimously without abstention Director Kerns as Secretary.

Director Kern was nominated as Treasurer. On MOTION by Director Williams and second by Director Ishkanian, the Board elected unanimously without abstention Director Kern as Treasurer.

On MOTION by Director Ishkanian, and second by Director Williams, the Board approved unanimously without abstention the appointment of Diane Gabriel as General Manager/District Engineer.

On MOTION by Director Williams and second by Director Ishkanian, the Board approved unanimously without abstention the appointment of Janet McGinnis as Legal Counsel.

President Owens reminded the Board that at the Board meeting of November 10th it was decided that the current A&O Committee members of Director Owens and Director Kerns would remain on the committee in 2015 to finish the work began in 2014 on the site master plan analysis. Therefore there were no new nominations for the Administrative & Operations Committee.

On MOTION by Director Ishkanian and second by Director Kerns, the Board approved unanimously without abstention the appointment of Director Williams and Director Kern to the Finance Committee.

On MOTION by Director Williams and second by Director Kerns, the Board approved unanimously without abstention the appointment of Director Owens and Director Ishkanian to the Personnel Committee.

On MOTION by Director Owens and second by Director Kerns, the Board approved unanimously without abstention the appointment of Director Williams and Director Ishkanian to the Public Information Committee.

On MOTION by Director Williams and second by Director Kern, the Board approved unanimously without abstention that the Regular Meeting of the Governing Board of the Montecito Sanitary District will be the second and last Mondays of each month, beginning at 1:15 in the afternoon in the Montecito Sanitary District offices.

President Owens then announced: “The organization procedures are complete. An updated Statement of Facts shall be filed with the Secretary of State and the Santa Barbara County Clerk. The Board will now proceed with the regular meeting as set forth in today’s agenda.”

ACTION: Staff

B. PERSONNEL COMMITTEE MEETING - REPORT

The Personnel Committee reported on its January 9th meeting with District Administrator McDonald and General Manager Gabriel during which the Section 125 Plan documents prepared for the District were reviewed. Ms. McDonald explained that IRS Code Section 125 allows employees to make pre-tax health premium payments. The Personnel Committee recommended the adoption of the Section 125 Plan documents.

On MOTION by Director Kern and second by Director Williams to approve the Section 125 Plan documents retroactive to January 1, 2015, the MOTION passed unanimously without abstention.

ACTION: Staff

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

General Manager Gabriel reported on the December 19th A&O Committee meeting at the Montecito Water District regarding desalination and recycled water. After the meeting the A&O Committee agreed to logistical assumptions that were expressed in a December 26th letter to the MWD requesting more information by January 9, 2015. On January 8th General Manager Gabriel had a meeting with the MWD General Manager and conference called RBF. RBF committed to getting answers to the information requested.

Other activities of the A&O Committee included a tour of City of Santa Barbara's desalination plant on January 9th, which verified the two acre minimum required to site a desalination plant.

On January 22nd the A&O Committee and staff plan to tour West Basin Municipal Water District facilities in Redondo Beach and El Segundo. On February 5th the A&O Committee and various staff plan to tour the Santa Paula facility.

Public comment included:

Bob Hazard spoke about the conflicting mission statements of MSD and MWD. He stated these mission statements should be set aside in order for the Districts to compromise in reaching a solution to water independence for Montecito. He spoke of an affordable solution being presented by Mr. Fred Gluck and members of the public, creating a combination of recycled water and desalination on the MSD site, following the Cambria model. He also suggested a benchmark study funded by both districts that would include definitive costs. Mr. Hazard also suggested a \$100,000 study to be funded by Mr. Gluck and his group. Another idea presented was a Joint Board consisting of MSD & MWD board members and five members of the public to discuss and manage the water crisis.

President Owens replied that one Board (MSD) cannot impose authority on another Board (MWD), and the MSD Board will not support anything that jeopardizes the mission of the MSD.

ACTION: None

D. SEWER MAIN REHABILITATION – AWARD OF CONTRACT - INSITUFORM

General Manager Gabriel reported that of the approximately 80 miles of MSD sewer mains, 6.5 miles have been identified as needing rehabilitation. Two bids were received for the project. Insituform was the lowest bidder at \$1,588,140. General Manager Gabriel and Operations Manager Alonzo reported that Insituform is a well-established firm which has worked well for the District previously. General Manager Gabriel recommended awarding the contract to Insituform, and including authorization for her to approve changes up to \$150,000.

After discussion, on MOTION by Director Kerns and second by Director Williams, to award the contract to Insituform in the amount of \$1,588,140, and to approve \$150,000 in change order authorization for the General Manager, the MOTION passed unanimously without abstention.

ACTION: Staff

E. SEWER MAIN REHABILITATION PROJECT – CONSTRUCTION SERVICES – PHOENIX CIVIL ENGINEERING, INC.

General Manager Gabriel explained that awarding a contract to Insituform requires related contract management. Staff has negotiated with Phoenix Civil Engineering, Inc. a time and materials contract not to exceed \$132,280. General Manager Gabriel recommended the Board

authorize the execution of this contract and that this contract contain an extra services authorization not to exceed \$13,000, for a total contract not to exceed \$145,280.

On MOTION by Director Ishkanian and second by Director Kern to authorize execution of contract with Phoenix Civil Engineering, Inc. not to exceed \$145,280, the motion passed unanimously without abstention.

ACTION: Staff

F. FISCAL YEAR 2014-2015 CAPITAL IMPROVEMENT PROJECT – CERTIFICATES OF PARTICIPATION (COPs) STATUS REPORT THROUGH DECEMBER 31, 2014

General Manager Gabriel reviewed the status of the remaining COP funds. With the new contracts with Insituform and Phoenix Civil Engineering, the remaining COP funds will be depleted. Further Capital Improvement Projects will begin to be funded from the Capital Replacement Fund.

ACTION: None

G. OPERATIONS AND MAINTENANCE (O&M) BUDGET STATUS REPORT THROUGH DECEMBER 31, 2014

General Manager Gabriel and District Administrator McDonald reviewed and answered questions about the O&M Budget Status report for the second quarter of FY 2014-15.

ACTION: None

H. QUARTERLY INVESTMENT REPORT – DECEMBER 31, 2014

Director Kerns discussed the change in investment accounts for the second quarter of Fiscal Year 2014-15.

ACTION: None

I. QUARTERLY INVESTMENT POLICY STATEMENT – DECEMBER 31, 2014

Director Kern summarized District Investment Policy 2013-883, which was adopted in October 2013, and read and signed the required Quarterly Certification Statement.

ACTION: None

J. INFORMATION ITEMS

- CASA 2014 Winter Conference January 21 - January 23, 2014 in Palm Springs: Directors Ishkanian and Williams will attend; District Administrator McDonald will attend CSRMA presentation.

- Director Ishkanian reported on Santa Barbara County Special Districts Association. The next meeting on January 26th at Glenn Annie Golf Course will elect officers.
- Director Ishkanian reported on the January 6th Montecito Water District Board meeting.
- General Manager Gabriel reported on the December 15, 2014 review by the Montecito Planning Commission of the Miramar Hotel Project. The next hearing is January 21st.

K. AGREEMENTS SIGNED

1225 Mesa Road, Sewer Service Agreement for an Accessory Structure
631 Para Grande Lane, Pump Variance Agreement
1151 Glenview Drive, Guesthouse and Pool Cabana

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the agenda packet.

8. ITEMS FOR THE NEXT AGENDA

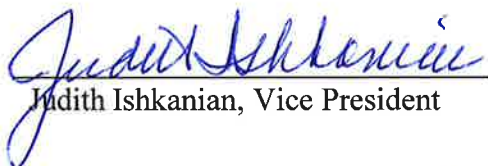
- Continue discussion of recycle/desalination potential

9. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Kern and second by Director Ishkanian, the MOTION passed unanimously without abstention and the meeting adjourned at 3:58 p.m.



Warner B. Owens, President



Judith Ishkanian, Vice President



Jeff Kerns, Secretary



Thomas N. Kern, Treasurer



Robert Williams, Director