

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

**October 26, 2015**

**1. CALL TO ORDER**

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on October 26, 2015 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  
  
James Hawkins, Heal the Ocean  
Donna Senauer, Resident

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

The minutes of September 28, 2015 were included in the agenda packet.

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

**3. APPROVAL OF PAYROLL AND PAYABLES**

On MOTION by Director Ishkanian and second by Director Kern, the Board approved unanimously without abstention these payroll and accounts payable expenses from September 28, 2015 through October 26, 2015:

Accounts Payable Expenses	\$ 146,930.02
Payroll Expenses	145,633.38
Capital Improvement Expenses	<u>2,686.99</u>
Total Expenses	\$ 295,250.39

**4. PUBLIC COMMENT**

None

**5. OLD BUSINESS**

None

**6. NEW BUSINESS**

**A. MONTECITO GROUNDWATER BASIN RECHARGE FEASIBILITY STUDY-  
PRESENTATION TO MONTECITO WATER DISTRICT**

General Manager Gabriel reported on the Montecito Water District (MWD) October 20<sup>th</sup> meeting during which the Dudek study findings were presented. Ms. Gabriel and James Hawkins of Heal the Ocean had attended the meeting and answered Board questions. The Board accepted the presentation and directed staff to file the report. No further action on recycled water was taken in the meeting.

Ms. Gabriel reported also that the Dudek study findings were presented on October 23<sup>rd</sup> to the Montecito Association Water Committee, that she, James Hawkins, and Tom Evans had attended to answer questions, and that several MSD Board members attended.

Director Owens opined that there was no posting of the agenda and this may have caused disappointing attendance.

Ms. Gabriel reported that the Water Committee discussed a survey it is sending to membership about drought issues.

James Hawkins addressed the Board about a Regional Water Board letter of October 20<sup>th</sup> to MWD, which was copied to Heal the Ocean as an interested party, and stated that “[t]he City and water district should evaluate whether maximizing production and reuse of wastewater for use in Montecito may be more cost-effective than increasing the production of desalinated water.”

Ms. Gabriel talked about the possibility of serving MSD's immediate neighbors with recycled water for irrigation and suggested meeting with four or five customers to see if they are willing to work with MSD and MWD to allow MWD do this. The Administrative & Operations (A&O) Committee will address this proposal if MSD should be approached by MWD for assistance.

ACTION: A&O Committee

**B. FINANCE COMMITTEE REPORT**

Director Kern reported on the October 22<sup>nd</sup> Finance Committee meeting. The Committee was given a copy of spreadsheets prepared by Water Consultancy for the “Cost of Services” study. Additional work is needed by District staff to analyze the expense and revenue assumptions in the study.

Director Kern also reported that James Fabian of Fieldman Rolapp had contacted General Manager Gabriel with its quarterly report and notified her that there has been no significant change in the Certificate of Participation refunding opportunities which the Board had learned about previously.

Director Kern reported the Finance Committee's recommendation to change the District's capitalization threshold policy from \$1,000 and 5 years life to \$5,000 and 5 years life. With no Board objection, staff was directed to rewrite the policy to present for Board approval.

Director Kern reported the Finance Committee had discussed whether MSD should change audit firms. Bartlett Pringle & Wolf (BPW) has handled the last seven annual audits. Staff and Board expressed their satisfaction with BPW's work and tabled further discussion of RFQs from other firms at this time. The annual audit for Fiscal Year 2014-15 will be presented at the November 9<sup>th</sup> Board meeting.

Director Kern reported that the Finance Committee recommended a change in the Board Travel Policy per diem rate so that it mirrors the County's per diem rate. A revised policy will be presented to the Board for approval at a later meeting.

Director Kern finished his report by discussing the Committee's review of the COP status report, the O&M budget status report, and the Investment Activity report, which would be presented in detail in the meeting.

ACTION: Staff

**C. FISCAL YEAR 2015-16 CAPITAL IMPROVEMENT PROJECT – CERTIFICATES OF PARTICIPATION (COPs) STATUS REPORT THROUGH SEPTEMBER 30, 2105**

General Manager Gabriel reported on COP funds status as of September 30, 2015. The remaining balance available in the fund will be spent before the end of the current sewer rehabilitation project (Project No. 7).

ACTION: None

**D. OPERATIONS AND MAINTENANCE (O&M) BUDGET STATUS REPORT THROUGH SEPTEMBER 30, 2015**

General Manager Gabriel and District Administrator McDonald reported on the year to date O&M expenditures through September 30, 2015.

ACTION: None

**E. QUARTERLY INVESTMENT REPORT – SEPTEMBER 30, 2015**

District Administrator McDonald discussed investment account changes for the quarter ending September 30, 2015.

ACTION: None

**F. QUARTERLY INVESTMENT POLICY STATEMENT – SEPTEMBER 30, 2015**

Director Kern, District Treasurer, certified the required statement for the quarter ending September 30, 2015.

ACTION: None

**G. INFORMATION ITEMS**

- Director Ishkanian reported that the October 26<sup>th</sup> SBCCSDA meeting at Glenn Annie will be the legislative meeting. The next meeting will be November 20<sup>th</sup> in Buellton with Pedro Nava as the speaker and it will be the Holiday meeting with awards.
- Director Ishkanian reported that SBCCSDA has asked her to attend the Goleta Legislative Summit. The Board unanimously approved reimbursement to Director Ishkanian for attending this event, and directed the A&O Committee to begin working on a Board Handbook which includes a policy for directors' participation in and reimbursements for approved events.
- Director Williams reported on the Montecito Association Water Committee meeting.
- Montecito Beautification Day will be in the Upper Village at 9 a.m. on Saturday, November 7th.
- MSD Holiday party will be at Café Stella on December 12th, beginning at 6 p.m.

**H. AGREEMENTS TO BE SIGNED**

667 Cold Springs Road – Auxiliary Structure

**7. OPERATIONS AND MAINTENANCE**


The Board reviewed the information in the agenda packet.


**8. ITEMS FOR THE NEXT AGENDA**


Director Williams requested an ongoing agenda item regarding Recycled Water.


**9. ADJOURNMENT**


There being no other business, on MOTION to adjourn by Director Williams and second by Director Kern, the MOTION passed unanimously without abstention and the meeting adjourned at 3:06 p.m.

  
Warner B. Owens, President

  
Judith Ishkanian, Vice President

  
Thomas N. Kern, Treasurer

  
Jeff Kerns, Secretary

  
Robert Williams, Director