

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

June 14, 2010

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT met in regular session on the 14th day of June 2010 at 1042 Monte Cristo Lane, Montecito, California, at 1:15 p.m.

ATTENDANCE

Present: Directors Charles C. Arnold, Jeff Kerns, Judith M. Ishkanian, Edward P. McAniff

Absent Deirdre M. Cannata

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

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 Arnold, and seconded by Director Kerns, the minutes of May 10, 2010 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 June 14, 2010 as follows:

Accounts Payable (5/25/10)	\$ 47,780.41	
Accounts Payable (6/14/10)	\$ 95,076.71	
Payroll & Payroll Related (5/20//10)	\$ 62,034.85	
Payroll & Payroll Related (6/03/10)	<u>\$ 45,017.28</u>	
TOTAL		<u>\$249,909.25</u>

4. PUBLIC FORUM

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

5. OLD BUSINESS

A. RETIREMENT MEDICAL BENEFITS FUNDING – GASB 45 REQUIRED ACCOUNT

At the Board meeting held May 10th, the Personnel Committee recommended to the Board that an account be set up at Santa Barbara County and that \$30,000, be deposited in that account to only be used for payment of retirement medical benefits. The monies going into this account will be funded through the District's Operations & Maintenance Budget. Manager Gabriel reported that the Finance Committee met on June 8th and determined that Retirement Medical Benefits for Fiscal Year 2010-11 should be funded in the amount of \$60,000 in order to keep an adequate balance after the first years payout.

After discussion, a MOTION was made by Director Arnold and seconded by Director McAniff, that, in accordance with the Personnel and Finance Committee recommendations, staff be directed to set up an account with the County of Santa Barbara for Retirement Medical Benefits Funding in the initial amount of \$60,000. The MOTION passed unanimously.

ACTION: Staff

B. EMPLOYEE HANDBOOK – AMEND RETIREMENT HEALTH INSURANCE COVERAGE FOR NEW HIRES

At the May 10th Board meeting the Personnel Committee recommended that any employee hired by the District after July 1, 2010, would not be eligible for retirement medical benefits. At that meeting the Board directed staff to make the appropriate revisions to the wording in the District's Employee Handbook (Page 32) and return to the Board for their review and approval. Staff provided the Board with copies of these revisions (provided in the agenda packet) for discussion.

After discussion and review of the revisions, a MOTION was made by Director Kerns and seconded by Director Arnold, that the Employee Handbook section "RETIREMENT – HEALTH INSURANCE COVERAGE" be amended by adding "Any employee hired by the District after July 1, 2010 is NOT eligible for RETIREMENT – HEALTH INSURANCE COVERAGE as stated above." The MOTION passed unanimously.

ACTION: Staff

6. NEW BUSINESS

A. ANNUAL REVIEW OF INVESTMENT POLICY – REPORT FROM FINANCE COMMITTEE

Manager Gabriel reported that the required annual review of the investment policy, Resolution No. 2000-7799, (a copy of which was enclosed in the agenda packet,) was reviewed by the Finance Committee at their meeting held on June 8th. Director Arnold reported on their recommendation about the investment policy. Director Arnold stated that the Finance Committee recommends that the current investment policy remain as is.

A MOTION was made by Director Arnold, and seconded by Director McAniff, that the investment policy as stated in Resolution No. 2000-7799 remain unchanged. The MOTION passed by the following roll-call vote:

AYES:	Arnold, Kerns, Ishkanian, McAniff
NAYS:	None
ABSENT:	Cannata
ABSTAIN:	None
ACTION:	Board Officers, Manager Gabriel and Staff

B. FISCAL YEAR 2010-2011 BUDGET – REPORT FROM FINANCE COMMITTEE

As part of their meeting on June 8th, the Finance Committee reviewed the details of the proposed Operations and Maintenance (O & M) Budget along with actual O&M expenses from FY 2009-10. The Committee also reviewed the revenue projections for FY 2010-2011.

Manager Gabriel reported that the Finance Committee went through the proposed budget line by line and discussed the current fund balances and estimated 2010-2011 Revenues.

After some discussion, a MOTION was made by Director Arnold, and seconded by Director McAniff, that the Fiscal Year 2010-2011 Operations and Maintenance Budget and the Projected Revenues and Fund Balances be approved as submitted. The MOTION passed unanimously.

ACTION: Staff

C. SEWER REHABILITATION – RE-PIPE CALIFORNIA - REQUEST FOR ADDITIONAL CHANGE ORDER FUNDING

The General Manager reminded the Board that on April 27, 2009 the District awarded the 2009 Sewer Rehabilitation Project to Re-Pipe California. The project entailed the rehabilitation (sliplining) of 4 miles of District sewer mains in various locations throughout the District. The contract with Re-Pipe is for \$578,875. At the time of the award of contract the Board voted to provide the General Manager with the authority to issue contract change orders, as necessary, in the amount not to exceed \$100,000. Additionally, on September 28, 2009 the Board voted to approve an additional \$155,000 in change order funding. With the approved change order funding, the total contract price is \$833,875. To date the District has authorized change order funding for one mile of additional sliplining, bringing the total to approximately 5 miles of sewer pipeline being rehabilitated.

Recently District crews have identified over 6000 feet of additional pipelines that are in immediate need of rehabilitation. One of the locations is a pipeline in an easement off of San Ysidro Road above the Fire Station. The other is the entire length of sewer main in San Ysidro Road from the YMCA to North Jameson. Re-Pipe has agreed to hold their unit bid prices to perform this additional work. The total cost of the proposed additional work is approximately \$182,000. There are adequate funds available in the C.O.P. funds as this is one of the identified mission critical projects.

After discussion, a MOTION was made by Director McAniff, and seconded by Director Kerns that the Board authorize an additional \$182,000 in change order funding to enable the additional 6000 feet of pipeline to be rehabilitated. The MOTION passed unanimously.

ACTION: Staff

D. SEWER REHABILITATION – CONSTRUCTION SERVICES – LARRY C. FALBERG, P.E. CIVIL ENGINEER – REQUEST FOR EXTRA SERVICES FUNDING

Manager Gabriel reported that at the Board meeting on April 27, 2009, the Directors authorized the execution of a contract with Larry C. Falberg, P.E. for construction management and inspection of the 2009 Sewer Rehabilitation Project. The contract was established for a time and materials fee of \$55,000. The contract with Mr. Falberg is no longer adequately funded to cover additional sliplining work being added to the Re-Pipe contract.

A MOTION was made by Director Arnold, and seconded by Director Kerns, that the professional services contract with Larry C. Falberg be amended to include \$25,000 in extra services funding.

ACTION: Staff

E. DISTRICT GOVERNING BOARD OF DIRECTORS ELECTIONS – NOVEMBER 2, 2010

Manager Gabriel explained that Directors Cannata and Ishkanian term of office will expire this year and if re-elected their term will run from 2010 to 2014. Directors Kerns and McAniff terms will expire this year because they are filling a mid-term vacancy and if re-elected their terms will run from 2010 to 2012.

The District received election forms from the County that need to be completed and signed, then returned to the County by June 30, 2010. These forms include: District & Elected Officials Information, Notice of Elective Offices to be Filled, and a resolution regarding Candidate's Statements. Copies of the District's current Resolution No. 2002-794 Concerning Candidate's Statement and the letter and forms from the County Clerk, Recorder and Assessor were enclosed in the agenda packet for review.

Manager Gabriel noted that the District's current resolution regarding Candidate's Statements states that the cost of printing, handling and mailing of the statements shall be paid by the candidate, and the statement itself is limited to 200 words. She stated that if the Board is satisfied that the District's current resolution regarding the Candidate's Statements is still valid and does not require any changes, no new resolution will be necessary and a copy of the current one will be sent to the County along with the completed election forms.

As stated in the letter from the County, the candidate filing period will run from July 12, 2010 through August 6, 2010. Each Director who wishes to continue on the Board is required to appear at the Elections Office (4440 Calle Real) during this time to pick up and file nomination documents.

A MOTION was made by Director Kerns, and seconded by Director Arnold, that the current Resolution 2002-794, concerning candidate's Statements remain with no changes, and that the election forms be completed and returned to the County Clerk Recorder's office by June 30, 2010. The MOTION passed by the following roll-call vote:

AYES:	Arnold, Kerns, Ishkanian, McAniff
NAYS:	None
ABSENT:	Cannata
ABSTAIN:	None
ACTION:	Board Officers, Manager Gabriel and Staff

F. RESOLUTION NO. 2010-856 – SETTING THE DATE, TIME AND PLACE FOR THE ANNUAL SEWER SERVICE CHARGE HEARING TO COLLECT SEWER SERVICE CHARGES ON THE COUNTY TAX TOLL

Manager Gabriel reported to the Board that in order to continue the practice of collecting sewer service charges on the County's tax roll, a public hearing must be held to allow for public comments. Pursuant to Health & Safety Code, Sec. 6520.5, a resolution needs to be adopted setting the date, time and place for the hearing. Resolution No. 2010-856, (copy included in agenda packet) sets the date for this year's sewer service charge hearing to take place at the July 12th Board Meeting. Notice of the hearing date will be published twice in the Santa Barbara News Press (June 20th and June 27th) and a separate mailed notice will be provided to all property owners who have taken out a new connection permit with the District during the 2009- 2010 fiscal year. The new service charge information will be submitted electronically to the County by their deadline of August 10, 2010.

A MOTION was made by Director McAniff, and seconded by director Arnold, to adopt Resolution No. 2009-856, Setting the Date for the Hearing and Giving Notice thereof of election to Collect Sewer Service Charges on the County Tax Roll. The MOTION passed by the following roll-call vote:

AYES:	Arnold, Kerns, Ishkanian, McAniff
NAYS:	None
ABSENT:	Cannata
ABSTAIN:	None
ACTION:	Board Officers, Manager Gabriel and Staff

G. INFORMATIONAL ITEMS

1. *California Special Districts Association Annual Conference – September 20-23, 2010*

7. OPERATIONS AND MAINTENANCE

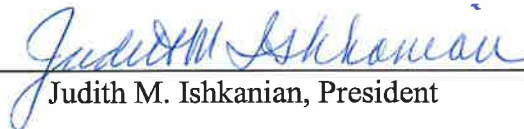
The Board reviewed the Operations and Maintenance information included in their agenda packets.

8. ITEMS FOR THE NEXT AGENDA

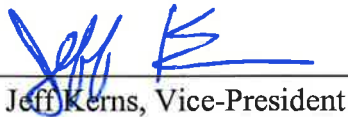
1. No items

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 3:00 pm.



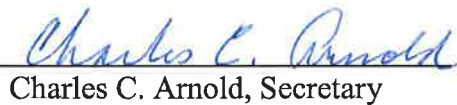
Judith M. Ishkanian, President



Jeff Kerns, Vice-President



Edward P. McAniff, Treasurer



Charles C. Arnold, Secretary

A B S E N T

Deirdre M. Cannata, Director