

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

November 9, 2015

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on November 9, 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
Alex Alonzo, Operations Manager
Rico Larroude, Collections/Maintenance Supervisor

Tracey Solomon, CPA, Bartlett, Pringle & Wolf

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of October 26, 2015 were included in the agenda packet.

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

3. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Kerns and second by Director Kern, the Board approved unanimously without abstention these payroll and accounts payable expenses from October 26th through November 9, 2015:

Accounts Payable Expenses	\$ 73,979.82
Payroll Expenses	75,689.88
Capital Improvement Expenses	<u>3,726.00</u>
Total Expenses	\$ 153,395.70

4. PUBLIC COMMENT

None

5. OLD BUSINESS

A. MONTECITO WATER REUSE

Director Williams raised the need for ongoing discussion about water reuse and that more information will be available from the Cost of Services study. General Manager Gabriel advised that a membership survey by the Montecito Association will include a question on “reclaimed water.” She noted that some members of the Montecito Water District have been told that water reuse will be an ongoing agenda item for the MSD and that MWD is welcome to attend meetings and address or question the Board about water reuse or reclamation.

6. NEW BUSINESS

A. FINANCIAL AUDIT REPORT – FISCAL YEAR 2014-2015

Tracey Solomon, CPA from Bartlett, Pringle & Wolf presented the draft Fiscal Year 2014-2015 audit. Ms. Solomon reported that the audit went well, District records are in order, and she had the complete cooperation of management. Ms. Solomon summarized the Independent Auditors’ Report: the financial statements were free of material misstatement and fairly presented the District’s financial position as of June 30, 2015.

Ms. Solomon advised that new accounting standards were used (GASB 68 and GASB 71) for pension reporting and this required retroactive adjustment, for which there is a new line item. GASB 68 moved unfunded liability onto the District’s balance sheet, recognizing for the first time the liability of its long term obligation for pension benefits. GASB 68 requires certain deferred inflows and outflows related to the pension benefits to be recorded on the balance sheet and it requires expanded notes. GASB 71 is an amendment of GASB 68 relating to contributions after the measurement date.

Ms. Solomon reported audit adjustments included \$155,000 for accrual for a late invoice, \$1,581,405 for prior period adjustment due to GASB 68, and \$605,962 for newly required GASB 68 activity in FY2014-15.

Ms. Solomon reviewed in detail the financial statements reported in the audit on pages 13 through 17 concerning assets, liabilities, revenues, and expenses.

After her detailed responses to Board questions, Ms. Solomon concluded with a discussion of the notes and supplementary information portions of the financial statements.

No Board action was taken. The final Audited Financial Statements for Fiscal Year 2014-15 will be presented at the next Board meeting for its consideration and action.

ACTION: Bartlett Pringle & Wolf / Staff

B. FINANCE COMMITTEE – SCHEDULING OF NEXT MEETING

The Finance Committee scheduled its next meeting for Tuesday, December 1st at 10 a.m. At this meeting committee members will review a draft “Cost of Services” report from Water Consultancy of Ventura.

ACTION: Staff

C. ADMINISTRATION AND OPERATIONS (A&O) COMMITTEE – SCHEDULING OF NEXT MEETING

The A&O Committee scheduled its next meeting for Monday, November 30th at 9 a.m. for review of a draft MSD Board Policy Manual and other items as may be added to its agenda.

ACTION: Staff

D. OPERATIONS SMALL EQUIPMENT - UTILITY PUMPS – PURCHASE ORDER AUTHORIZATION – THOMPSON PUMPS

The District’s Capital Improvement Program (CIP) budget for fiscal year 2015-2016 includes \$30,000 for Operations Small Equipment (Project No. 6). In preparation for winter rains and for maintenance of the treatment plant and lift stations, staff advised that the District should have additional utility pumps on hand.

Staff finds Thompson Pumps to be reliable and is very familiar with their operation and maintenance. As a member of the National Joint Powers Alliance (NJPA), the District is allowed to “piggy-back” on that agency’s bid pricing for Thompson Pumps.

After discussion, upon MOTION by Director Williams and second by Director Kern to approve purchase of two pumps and to authorize the General Manager to issue a purchase order to Thompson Pumps in the amount of \$29,444, the MOTION passed unanimously without abstention.

ACTION: Staff

E. TRUCK MOUNTED HIGH PRESSURE SEWER CLEANER – PURCHASE ORDER AUTHORIZATION – SEWER EQUIPMENT COMPANY OF AMERICA

The District’s Capital Improvement Program Budget for Fiscal Year 2015-2016 includes \$250,000 for a Small Jetter (Project No. 11). A Small Jetter would greatly assist the District in performing sewer cleaning in easement areas, on narrow roadways, and when there are low tree limbs.

After attending demonstrations and researching various options for a Small Jetter, Staff recommends a truck mounted high pressure sewer cleaner. The truck chassis is a four wheel drive 2015 Ford F-550 Diesel with power windows and durable wheels. The sewer cleaning equipment mounted on the flat bed of the truck would include 600 gallons of water storage, a 74

HP diesel powered water pump, and a rotating hose reel containing 500 feet of 5/8” cleaning hose capable of 4000 psi.

As a member of the National Joint Powers Alliance (NJPA), the District is allowed to “piggy-back” on that agency’s bid pricing for Sewer Equipment Company to provide the Truck Mounted High Pressure Sewer Cleaner.

After discussion, upon MOTION by Director Kerns and second by Director Williams to approve the purchase of a Truck Mounted High Pressure Sewer Cleaner and to authorize the General Manager to issue a purchase order to Sewer Equipment Company of America in the amount of \$179,578.05, the MOTION passed unanimously without abstention.

ACTION: Staff

F. INFORMATION ITEMS

- Director Ishkanian announced that the District’s nominee for SBCCSDA Contractor of the year, Raul Ruiz with Insituform, Inc., has been chosen. He will receive his award at the November 20th meeting in Buellton.
- The Board discussed the comparatively poor attendance at Montecito Beautification Day on November 7th.
- Board members were reminded of the Holiday Party on December 12th at Café Stella.

G. AGREEMENTS TO BE SIGNED

None

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the agenda packet.

8. ITEMS FOR THE NEXT AGENDA


Montecito Water Reuse

9. ADJOURNMENT

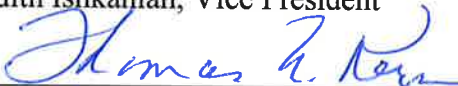
There being no other business, on MOTION to adjourn by Director Ishkanian and second by Director Williams, the MOTION passed unanimously without abstention and the meeting adjourned at 3:16 p.m.



Warner B. Owens, President



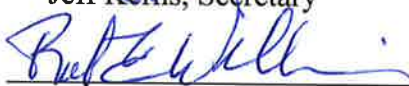
Judith Ishkanian, Vice President



Thomas N. Kern, Treasurer



Jeff Kerns, Secretary



Robert Williams, Director

