

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

**May 14, 2012**

**1. CALL TO ORDER**

The Governing Board of the MONTECITO SANITARY DISTRICT met in regular session on the 14<sup>th</sup> day of May 2012 at 1042 Monte Cristo Lane, Montecito, California, at 1:15 p.m.

**ATTENDANCE**

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

**Absent:** None

**Also Present:** Janet K. McGinnis, District Legal Counsel, Diane Gabriel, General Manager; Debbie Hughey, Office Manager

**Item 6.A.** Terry Henry & Leo Calvaro – Representatives with Insituform Technologies, Inc.

**Item 6.A.&B.** Jon Turner, PE, Principal Engineer with Phoenix Engineering, Inc.

**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 Ishkanian, and seconded by Director Cannata, the minutes of April 30, 2012 were approved as submitted.

**3. APPROVAL OF PAYROLL AND PAYABLES**

Upon MOTION by Director Arnold, and seconded by Director Ishkanian, the Board approved the PAYROLL AND ACCOUNTS PAYABLE EXPENSES for the District through May 14, 2012 as follows:

Accounts Payable (5/9/12)	\$42,442.85
Accounts Payable (5/14/12)	\$4,418.77

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Payroll (5/3/12)	\$37,147.34
Payroll Related (5/3/12)	\$12,339.30

**TOTAL** **\$96,348.26**

**4. PUBLIC COMMENT**

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

**5. SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION (LAFCO)  
PROPOSED BUDGET AND FEES**

Manager Gabriel reminded the Board that at their meeting on April 30<sup>th</sup> they reviewed the *Proposed LAFCO Budget for FY 2012-2013* and the *Proposed Schedule of Processing Fees*. Following their review, the Board requested that staff obtain a copy of LAFCO's financial audit report for their review. A copy of the *Santa Barbara Local Agency Formation Commission June 30, 2010 and 2009 Financial Statements* prepared by Bartlett, Pringle and Wolf was located on-line at the LAFCO website and was enclosed for the Board's review in the agenda packet.

A copy of a letter the District received on May 7<sup>th</sup> from Bob Braitman, Executive Officer for LAFCO was also enclosed in the agenda packet for review. The Board noted, as mentioned in the letter, that LAFCO will continue to maintain maps of cities and special districts. The Board requested that staff obtain a copy of the District map that LAFCO has been asked to maintain. This map is available on-line and will be provided to the Directors as an informational item at the next Board meeting. The Board did not have any additional concerns or comments regarding the proposed budget and fees.

ACTION: Staff

**6. NEW BUSINESS**

**A. 2012 SEWER MAIN REHABILITATION PROJECT – AWARD OF CONTRACT**

Manager Gabriel related to the Board that at their meeting on March 12<sup>th</sup> the Board authorized staff to advertise the 2012 Sewer Main Rehabilitation Project for bids. The project includes the re-lining of approximately 3.3 miles of existing VCP sewer pipe in various locations throughout the District. This project is on the District's "mission critical" projects list to be funded with the COP proceeds. Currently the District has approximately \$880,000 in COP funds designated for sewer main rehabilitation.

The bid opening for the project was held on April 17<sup>th</sup>. There were only two bidders, RePipe-California, Inc. (RePipe) and Insituform Technologies, Inc. (Insituform). When the bids were first opened, RePipe was the apparent low bidder with a bid of \$549,205 with Insituform a close second at \$563,519.50.

Upon review of the required bid documents, it was discovered that RePipe did not “supply proof of certification to ISO 9000 or other third-party certified organization standards.” It is part of the District’s bid analysis to review details of each bid sheet. The line item price that RePipe supplied for “Permits and Traffic Control Plans” was a lump sum price of \$2,200. However, the price supplied by Insituform for this item was a lump sum price of \$21,000, which is more in line for the engineer’s cost estimate for “Permits and Traffic Control Plans”.

The District wrote RePipe a letter on April 18<sup>th</sup> about these discrepancies and on April 23<sup>rd</sup> the District received a response from RePipe. On May 1<sup>st</sup> the District received a formal bid protest from Insituform. All three letters were included in the agenda packet for Board review.

President Kerns thanked Manager Gabriel for her summary and welcomed to the meeting Terry Henry and Leo Calvaro, representatives from Insituform. Mr. Henry thanked the Board for their time and made two points regarding the bid project. First, RePipe’s response to the District’s letter did not provide documentation of compliance with ISO 9000. Mr. Henry supplied the Board with a copy of Insituform’s certification (Certificate No. US003759-1) which indicates compliance with ISO 9000. Mr. Henry pointed out that RePipe’s supplier is ISO 9000 certified, but not RePipe, and the District required this certification for a bidding contractor. Second, RePipe turned in an unbalanced bid: per the contract specifications, traffic control permits will be needed from CalTrans and Santa Barbara County in addition to traffic control plans and these permits and engineered plans would cost more than RePipe’s bid amount. Insituform is formally protesting an award of this contract to RePipe because it is non-responsive due to the two identified bid defects. President Kerns thanked Mr. Henry for his thorough and succinct presentation.

Manager Gabriel stated that the Board may consider two options for Board action: 1) Rejection of both bids and rebidding; or 2) Reject the bid from RePipe as non-responsive and award the contract to Insituform in the amount of \$563,519.50. She reviewed with the Board a list of pros and cons specific to each option.

After discussion by the Board, a MOTION was made by Director Cannata, and seconded by Director Ishkanian, that the Board accept Insituform’s bid protest, that RePipe’s bid be rejected as non-responsive and find that Insituform’s bid is a responsive and responsible bid, and authorize the award and execution of contract to Insituform in its bid amount of \$563,519.50. The MOTION passed unanimously.

An additional MOTION was made by Director Arnold, and seconded by Director McAniff, that the General Manager be authorized to issue contract change orders for unforeseen circumstances, if necessary, in the not to exceed amount of \$68,000. The MOTION passed unanimously.

ACTION: General Manager/Staff

**B. 2012 SEWER MAIN REHABILITATION PROJECT – CONSTRUCTION SERVICES – PHOENIX CIVIL ENGINEERING, INC.**

Manager Gabriel explained that having taken action to award the contract to Insituform (Item 6.A.), the project will require construction management and inspection services during the estimated 270 days of construction. Staff has negotiated a time and materials not to exceed fee of \$137,375 with Phoenix Civil Engineering, Inc. to perform these duties.

Jon Turner, PE, Principal Engineer with Phoenix Civil Engineering was introduced to the Board by Manager Gabriel. Mr. Turner has extensive experience with sewer pipeline rehabilitation and construction management.

After discussion, a MOTION was made by Director McAniff, and seconded by Director Ishkanian, that the Board authorize the execution of a contract with Phoenix Civil Engineering, Inc. in the time and materials base fee amount of \$137,375 and an extra services allowance in an amount not to exceed \$14,000, for a total contract not to exceed \$151,375. The MOTION passed unanimously.

ACTION: General Manager/Staff

**C. RESOLUTION NO. 2000-779 – INVESTMENT POLICY – ANNUAL REVIEW**

The Office Manager informed the Board that the District is required to annually review the current Investment Policy (Resolution No. 2000-779). A copy of this Resolution was included in the agenda packets. The Board was informed that any changes considered necessary by the Board would require the adoption of a new Resolution.

After discussion it was agreed that no change was needed to the District's investment policy. A MOTION was made by Director Arnold, and seconded by Director Cannata, that Resolution No. 2000-779 remain unchanged. The MOTION passed by the following roll-call vote:

AYES: Arnold, Cannata, Ishkanian, Kerns, McAniff  
NAYS: None  
ABSENT: None  
ABSTAIN: None

ACTION: None Required

**D. INFORMATIONAL ITEMS**

1. Santa Barbara County Chapter of California Special Districts Association – Annual Chapter Meeting to be held on Monday, May 21, 2012 at 5:45 p.m. at the Marriott in Buellton. President Kerns and Director Ishkanian stated they will attend the meeting.
2. California Special District publication, March – April 2012.

3. Director Arnold reported that he and Manager Gabriel attended the Santa Barbara Chapter California Special Districts Association Monthly Chapter Conference on April 23<sup>rd</sup> held in Goleta. The program featured a presentation on “Requirements for Special District Rate Adjustments – Cost of Service Studies” by Grant Hoag with Black and Veatch.

**E. AGREEMENT(S) TO BE SIGNED**

There were no agreement(s) to be signed.

**7. OPERATIONS AND MAINTENANCE**

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

**8. ITEMS FOR FUTURE AGENDAS**




None

**9. ADJOURNMENT**

There being no further business to come before the Board, it was MOVED by Director Cannata, and seconded by Director Ishkanian, that the meeting be adjourned. The MOTION carried, and the meeting adjourned at 2:25 pm.



Jeff Kerns, President

  
Judith M. Ishkanian, Vice-President  
Edward P. McAniff, Treasurer  
Deirdre M. Cannata, Secretary  
Charles C. Arnold, Director