

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

April 10, 2019

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 1:15 p.m. on April 10, 2019 at 1042 Monte Cristo Lane, Montecito, California.

ATTENDANCE

Present: Directors Tom Bollay, Woody Barrett, Jeff Kerns, Dana Newquist, and Thomas Kern

Absent: None

Also Present: Diane M. Gabriel, MSD General Manager/District Engineer
Toni M. McDonald, MSD District Administrator
Carrie Poytress, MSD Engineering Manager
Janet McGinnis, MSD Legal Counsel
Hillary Hauser, Heal the Ocean
Alison Thompson, Heal the Ocean
Nick Turner, Montecito Water District
Ken Coates, Montecito Water District
Brian Goebel, Montecito Water District
Laura Camp, Montecito Water District
Melinda Burns, Freelance Journalist
Bob Hazard, *Montecito Journal*

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of the March 14, 2019 meeting were included in the agenda packet. On MOTION by Director Newquist and second by Director Kern, the Board approved unanimously the minutes of March 14, 2019.

3. APPROVAL OF PAYABLES

On MOTION by Director Kerns and second by Director Kern, the Board approved unanimously these payroll and accounts payable expenses from March 15, 2019 through April 10, 2019:

Accounts Payable Expenses	\$ 95,859.83
Capital Improvement Projects	14,974.38
Payroll and Related Expenses	<u>88,496.77</u>
 Total Expenses	 \$ 199,330.98

4. **PUBLIC COMMENT**

None

5. **OLD BUSINESS**

None

6. **NEW BUSINESS**

A. **Consideration of Public Comments to the Board on February 28, 2019**

During public comment at the February 28th meeting, the Board heard from Hillary Hauser, Executive Director of Heal the Ocean. At its meeting on March 14th, the Board agreed to discuss Ms. Hauser's comments at a future meeting. Ms. Hauser's notes for her comments at the February 28th meeting were included in the Board Packet as Exhibit A.

Director Bollay stated he wanted to make sure there was transparency in any discussions and that there are no hidden agendas, and if there are questions or problems to try to get them on the table in order to begin the process of figuring out how to resolve them. Director Bollay cited statements by Director Barrett regarding the proposed essential services building, and the MSD Board needs to find out what is driving those concerns.

Mr. Barrett stated his continued conversations with other members of the Water Security slate are based on the friendships formed among them during the campaign. Director Barrett went on to state his concerns regarding the construction of the proposed essential services building was the timing, and that the footprint of the building may need to be used for Montecito Water District purposes such as recycled water, or a desalination plant if MWD fails to sign an agreement with the City. Director Kern asked if Director Barrett's intention is to stop everything at MSD until MWD action is taken. Director Bollay stated there is more than adequate space for a recycled water facility even with the essential services building construction, along with the space required to replace existing wastewater treatment plant infrastructure.

During public comment on this item, Mr. Ken Coates, Director of the Montecito Water District introduced himself as one of the founders of the Committee for Montecito Water Security. He stated the election is over and the campaigning ended November 6th. Mr. Coates went on to state that he personally believed everyone needed to move on, even if there is not total agreement with positions advocated by candidates and non-candidate during the election. Mr. Coates believes that the two Boards (MWD & MSD) needed to collaborate on recycled water and that previous reports from the joint committee meetings showed that progress in this area is being made. He stated the two Districts need to be expending their energy on achieving that goal, and not complaining or being concerned about elephants that are not in the room. Mr. Coates also stated Ms. Hauser is wrong, that the Committee for Montecito Water Security has not met in the last 6 months, and that if Mr. Bob Hazard wants to recommend a Community Services District, that does not mean he has the support of the individuals who are now on the Boards of the Montecito Water and

Sanitary Districts. Mr. Coates is recommending the focus remain on what the voters of Montecito want done, which is recycled water.

ACTION: None

B. Olive Road Sewer Main Extension – Blois Construction, Inc. – Notice of Completion

General Manager Gabriel informed the Board that on August 27, 2018, the Board voted to award the Olive Road Sewer Main Extension contract to Blois Construction, Inc. The bid from Blois Construction was \$509,078. In addition to voting to award the contract to Blois Construction, the Board authorized \$50,000 in contract change order funds for a total of \$559,078 in funding.

The 1,720 linear foot sewer main extension on Olive Road (from East Valley Road to Tollis Avenue) has been completed and is ready for acceptance by the District. The project will enable eleven properties currently on septic systems to connect to the public sewer system, and abandon their septic systems.

The final construction contract amount totaled \$557,838. During the course of construction two change orders were issued for additional hours of rock excavation totaling \$48,760.

On MOTION by Director Newquist and second by Director Barrett, the Board voted unanimously to accept the Olive Road Sewer Main Extension as complete and approve the issuance of a Notice of Completion for a total final price of \$557,838.

ACTION: Staff

C. Administration & Operations (A&O) Committee Meeting – Report

The A&O Committee reported on its joint meeting with the Montecito Water District Strategic Planning Committee on April 2nd and distributed minutes.

Director Bollay summarized the meeting which included the following:

MWD General Manager Nick Turner stated the definition/scope of the joint recycled water project was Non-direct Potable Reuse (NPR) with Indirect Potable Reuse (IPR) as an option using MSD wastewater. Mr. Turner reported the hydrogeological study proposal will be presented to the MWD Board for approval at its April 23rd meeting, and that the study will take about 5-6 months for completion of the first phase. The Committees also discussed the possibility of MSD funding and leading the proposed ocean outfall study, and recommended having an expert in the field address the Committees at the next meeting. The Committees then discussed the need to delay the discussion of agencies roles and responsibilities for the joint project until the project delivery system (P3 or public) is decided.

The next joint meeting scheduled for May 7th will be delayed in order to schedule the ocean outfall expert from Larry Walker & Associates to be present.

ACTION: None

D. Finance Committee Meeting - Report

The Finance Committee reported on its meeting of April 9th and distributed minutes. Director Kern reported that the Committee spent time reviewing and discussing the quarterly reports for the period ending March 31, 2019. Staff also presented the Committee with historic financial data, such as Operations & Maintenance (O&M) budget and actual expense for the past 10 years and 10 years of projected expenses. Staff also discussed with the Committee annual sewer service charge rate history for the past 10 years and 10 years of projected rates.

ACTION: None

E. Fiscal Year 2018-19 Capital Improvement Projects Status Report

General Manager Gabriel reported on the financial status of the approved Capital Improvement Projects through March 31, 2019, showing progress on ten significant capital projects being carried out this fiscal year.

ACTION: None

F. Operations and Maintenance (O&M) Budget Status and Revenue Reports Through March 31, 2019

District Administrator McDonald reported on the Budget Status and Revenue reports through March 31, 2019. Ms. McDonald reported O&M expenses are well within budget through the three quarters reported to date, and revenues are tracking slightly higher than last year at this time.

ACTION: None

G. Quarterly Investment Report – March 31, 2019

District Administrator McDonald reviewed the cash and investment activity for the quarter ending March 31, 2019. Cash flow year to date through March 31st does not show the second biannual payment of sewer service charges on the property tax rolls that is expected in April 2019.

ACTION: None

H. Quarterly Investment Policy Statement – March 31, 2019

Director Kern summarized District Investment Policy 2013-883 (adopted October 2013) and read and signed the quarterly Certification Statement.

ACTION: None

I. Local Agency Formation Commission (LAFCO) Authorization

Staff reported the District received a letter from LAFCO dated March 11, 2019 stating that the Presiding Officer of each Special District is authorized to vote for one Regular Special District Member and one Alternate Special District Member of the LAFCO Board. The letter states the Board shall authorize the Presiding Officer (Board President Bollay) or his designee to sign the LAFCO ballot no later than Friday, May 10, 2019. After discussion, the Board agreed to have staff return to the next meeting with information regarding the candidates for the positions. At that time the Board will vote to authorize the presiding officer to sign the LAFCO ballot.

ACTION: Staff

J. Information Items

- Proposed MSD Fiscal Year 2019-20 Budget Approval Schedule – June 13 and June 27 Board meetings; all Board members confirmed their ability to attend the regularly scheduled Board meetings in June
- Proposed LAFCO Budget for FY2019-20 – which indicates a decrease in budget from last year

K. Agreements Signed

None

7. ITEMS FOR FUTURE AGENDAS

The following items were requested to appear on a future Board agenda:

- Beginning Board meetings with the Pledge of Allegiance
- Review and adoption of a Policies and Procedures Manual of the Board of Directors
- Authorize Presiding Officer to vote for LAFCO Special District Representative
- Discussion of Director stipends

8. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Kerns and second by Director Kern, the MOTION passed unanimously without abstention and the meeting adjourned at 3:00 p.m.



Thomas Bollay, President



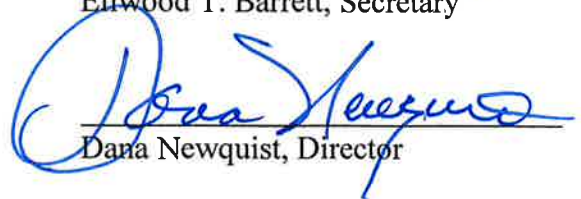
Jeffrey Kerns, Vice President



Ellwood T. Barrett, Secretary



Thomas Kern, Treasurer



Dana Newquist, Director

Montecito Sanitary District
MINUTES – April 10, 2019