



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

Phone: (805) 969-4200
www.montsan.org

BOARD PACKET

For the Regular Board Meeting of

Thursday, February 22, 2024

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AGENDA

For the Regular Meeting of the Board on:

February 22, 2024

The regular meeting of the Governing Board will begin at **12:00 p.m. on February 22, 2024** in the District's Board Room at 1042 Monte Cristo Lane, Santa Barbara, CA 93108.

Additionally, Director Ohlmann will be attending the meeting at 1633 North Harvest Dance Road, Jackson, WY 83001.

The public may attend the meeting in person or participate remotely via Zoom using the following virtual meeting details:

By visiting: <https://us02web.zoom.us/j/86118975917>

Or by calling: 1-669-900-6833

Meeting ID: 861 1897 5917

1. CALL TO ORDER

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. PRESIDENT'S REPORT

D. AGENDA CHANGES/DELETIONS

2. PUBLIC COMMENT

Public comment on items not on the agenda is **limited to 3 minutes** and is at the discretion of the Board President. For further instructions, please see [Instructions for Public Comment](#) on the District's website.

3. COMMITTEE REPORTS

It is recommended that the Board receive and file a report provided by the following committee(s):

- A. The Montecito Sanitary District Finance Committee (Directors Johnson and Martin) will report on their January 29, 2024 and February 15, 2024 meetings.
- B. The Montecito Sanitary District Strategic Planning Committee (Directors Hogan and Barrett) will report on their January 18, 2024 meeting.
- C. The Montecito Sanitary District Administrative and Operations Committee (Directors Ohlmann and Hogan) will report on their February 13, 2024 meeting.

4. CONSENT CALENDAR

- A. Payables from January 1, 2024 through January 31, 2024
- B. Board Meeting Minutes of the January 11, 2024 Regular Board Meeting
- C. Resolution 2024-973 – Authorizing Investment of Monies in LAIF
- D. Fiscal Year 2022-23 Unaudited Quarterly Financial Reports – June 30, 2023
- E. Fiscal Year 2023-24 Unaudited Quarterly Financial Reports – September 30, 2023

5. DISTRICT BUSINESS ITEMS

A. ENHANCED RECYCLED WATER FEASIBILITY STUDY

It is recommended that the Board:

- i) Receive a presentation from Carollo Engineers on the Enhanced Recycled Water Feasibility Analysis.

B. DISTRICT STANDING COMMITTEE ROLES AND RESPONSIBILITIES

It is recommended that the Board:

- i) Discuss and consider the various District Committees' roles and responsibilities; and
- ii) Take any such additional, related action that may be desirable.

6. GENERAL MANAGER'S REPORT

General Manager John Weigold will provide informational, nonactionable updates regarding matters before the District.

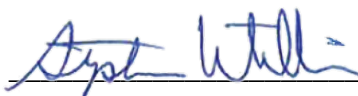
7. ITEMS FOR FUTURE AGENDAS

The next regularly scheduled Board meeting will be held on March 14, 2024 at 12:00 pm.

8. ADJOURNMENT

The Montecito Sanitary District has resumed in-person meetings in accordance with the Brown Act. In accordance with the State of Emergency declaration issued on March 4, 2020 by the Governor of the State of California in response to COVID-19 and Government Code 54953(e), the District also provides alternative methods of remote participation which permit members of the public to observe and address public meetings remotely via telephone or Zoom. These methods of participation can be accessed through the internet link provided at the top of this agenda.

This agenda was posted on the District website, and at the Montecito Sanitary District Bulletin Board in accordance with the requirements of the Brown Act. Attested by:



Stephen Williams
District Administrator/Clerk of the Board

ADA – The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's programs, services or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at 969-4200. Notification at least twenty-four (24) hours prior to the meeting will enable the District to make appropriate arrangements.



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BOARD LIST OF PAYABLES – JANUARY 2024

<u>CHECK DATE</u>	<u>SUMMARY & TYPE</u>	<u>BATCH TOTAL</u>
01/11/2024	ACCOUNTS PAYABLE	226,422.13
	Subtotal	\$ 226,422.13
01/11/2024	CAPITAL IMPROVEMENT PROJECTS	287,693.44
	Subtotal	\$ 287,693.44
01/07/2024	PAYROLL	96,647.91
01/21/2024	PAYROLL	92,343.60
	Subtotal	\$ 188,991.51
	<u>TOTAL</u>	<u>\$ 703,107.08</u>

*All Invoices were reviewed and approved by Department Managers

**All Invoices and Payments were reviewed and approved and checks signed by the General Manager

***Board Treasurer, Edwin Martin, approved all payables by email prior to check mailing

Check History Report
Sorted By Check Number
Activity From: 1/11/2024 to 1/11/2024
MONTECITO SANITARY DISTRICT (MSD)

Bank Code: B OPERATING CASH (MBT)

Check Number	Check Date	Name	Check	Description
0000028979	1/11/2024	ACME ANALYTICAL SOLUTIONS	517.00	Analyzer Chemicals
0000028980	1/11/2024	ACWA/JPIA	29,971.47	Medical/Dental/Life Insurance Premium-December
0000028981	1/11/2024	AMAZON CAPITAL SERVICES	1,821.77	iPad Cases & Screens, Ladders, Parking Lot Lights, Surge Protectors, Office Supplies, Vehicle Cleaning Supplies
0000028982	1/11/2024	ARCE, MICHAEL J	225.00	Boot Allowance Reimbursement
0000028983	1/11/2024	AT&T MOBILITY	177.33	Office & Lift Station 4 Wireless Data Ports, Standby Cellphone
0000028984	1/11/2024	RYAN BAILEY	1,558.00	Deposit Refund-2775 Sycamore Canyon Road
0000028985	1/11/2024	BEDROCK BUILDING SUPPLIES, INC	252.30	Cement for Front Gate Light Post
0000028986	1/11/2024	BIG GREEN CLEANING COMPANY	2,603.00	Janitorial Services-January
0000028987	1/11/2024	BOYD & ASSOCIATES	600.00	Quarterly Fire/Security Alarms Monitoring
0000028988	1/11/2024	CANON FINANCIAL SERVICES INC	272.61	Canon Copier Lease Payment-January
0000028989	1/11/2024	CED ROYAL INDUSTRIAL SOLUTIONS	226.92	Terminal Block
0000028990	1/11/2024	CINTAS CORPORATION #684	1,046.53	Uniforms, Towels, Floor Mats-Cleaning/Rental-December
0000028991	1/11/2024	COLANTUONO, HIGHSMTIH & WHATLEY PC	6,050.00	Legal Counsel Services-December
0000028992	1/11/2024	COMPUVISION COMMUNICATIONS	19,068.79	Implementation of Microsoft Office 365 Cloud & Share Point, Converged Cyber Security Suite, Dell Monitor
0000028993	1/11/2024	COX BUSINESS	160.39	Wireless Internet Services-December
0000028994	1/11/2024	CSRMA	73,846.00	Pooled Liability Insurance Renewal 12/31/23-12/31/24
0000028995	1/11/2024	CALIFORNIA WATER ENVIRONMENT	221.00	Membership Renewal-Martinez
0000028996	1/11/2024	DATCO SERVICES CORPORATION	175.50	DATCO Quarterly Services
0000028997	1/11/2024	DOCU PRODUCTS	134.24	Copier Maintenance Agreement-January
0000028998	1/11/2024	ENGEL & GRAY, INC	5,421.91	Biosolids Hauling-December
0000028999	1/11/2024	FAMCON PIPE & SUPPLY, INC	139.63	Parts for Flow Meter
0000029000	1/11/2024	FISHER SCIENTIFIC	510.35	Lab Testing Supplies
0000029001	1/11/2024	FRONTIER	637.86	Phone Services for Collections & WWTP-December
0000029002	1/11/2024	GLS COMPANIES	750.00	Landscape Services-December
0000029003	1/11/2024	GRAINGER	427.39	Thread Sealant, Duct Sealant, Hose Adapter, Recoil Starter
0000029004	1/11/2024	HASA	14,193.39	Sodium Hypochlorite
0000029005	1/11/2024	HAYWARD SANTA BARBARA	719.28	Tarps for Operations Building
0000029006	1/11/2024	ROBERT KEEN	225.00	Boot Allowance Reimbursement
0000029007	1/11/2024	KIMBALL MIDWEST	134.78	Plant Equipment Sealants/Lubricant
0000029008	1/11/2024	MCCORMIX CORP	1,186.91	Vehicle Fuel 12/01-12/31/2023
0000029009	1/11/2024	MCMaster-CARR SUPPLY COMPANY	388.24	Strut Channel, Bearing Grease
0000029010	1/11/2024	MICHAEL VIETTONE CIVIL ENG	850.00	Engineering Services for 2500 East Valley Road
0000029011	1/11/2024	MOTION INDUSTRIES, INC	339.12	Plant Maintenance Materials
0000029012	1/11/2024	MOUNTAIN SPRING WATER	127.90	Bottled Drinking Water, Cooler Rental-December
0000029013	1/11/2024	MONTECITO WATER DISTRICT	484.61	Water Service-December
0000029014	1/11/2024	MONTECITO WATER DISTRICT	2,316.27	Water Tender Usage April-September
0000029015	1/11/2024	O'CONNOR PEST CONTROL	150.00	Mice, Rats Traps for WWTP
0000029016	1/11/2024	PAYCHEX OF NEW YORK, LLC	332.70	Payroll Services-December
0000029017	1/11/2024	JUDITH PETRAITIS	1,150.00	Deposit Refund-918 Chelham Way
0000029018	1/11/2024	PURETEC INDUSTRIAL WATER	78.40	Water Softener Sodium Tank Exchange
0000029019	1/11/2024	ROBERT D. NIEHAUS, INC	1,552.50	Rate Study-December
0000029020	1/11/2024	RINGCENTRAL, INC.	708.06	Phone Service-December
0000029021	1/11/2024	ROYAL ADHESIVES & SEALANTS, LLC	475.29	Epoxy for Collections
0000029022	1/11/2024	SANSUM CLINIC	165.00	DMV/DOT Exam-Flores
0000029023	1/11/2024	S B HOME IMPROVEMENT CENTER	37.56	Buckets for Collections
0000029024	1/11/2024	SANTA BARBARA & VENTURA COUNTY	4,690.00	Install Metal Door at Lift Station 1
0000029025	1/11/2024	SOUTHERN CALIFORNIA EDISON CO	16,840.61	Electric Service 11/22-12/21/23
0000029026	1/11/2024	SHERWIN-WILLIAMS CO.	1,077.78	Paint Supplies for Lift Stations
0000029027	1/11/2024	DANIEL SHOEMAKER	1,325.00	Cancellation of Permit A-5331 for 311 San Ysidro Road
0000029028	1/11/2024	STREAMLINE	375.00	Website Management Services-January
0000029029	1/11/2024	TAFT ELECTRIC COMPANY	17,380.30	On-Call Electrical Services for WWTP and Lift Stations
0000029030	1/11/2024	UNIVAR SOLUTIONS	7,281.74	Sodium Bisulfite
0000029031	1/11/2024	UNDERGROUND SERVICE ALERT	97.50	50 New Dig Alert Tickets-December
0000029032	1/11/2024	VENTURA AIR CONDITIONING CO.	745.00	Preventative Maintenance of Lab HVAC
0000029033	1/11/2024	ZWORLD GIS	2,280.00	GIS Development and Program Support-December
0000029034	1/11/2024	SEIU LOCAL 620	1,899.20	Union Dues for Payroll's 11/12/2023-01/07/2024

Bank B Total: 226,422.13

Sorted By Check Number
Activity From: 1/11/2024 to 1/11/2024
MONTECITO SANITARY DISTRICT (MSD)

Bank Code: G CAPITAL IMPROVEMENT CASH (MBT)

Check Number	Check Date	Name	Check Amount	Description
0000001433	1/11/2024	ASPECT ENGINEERING GROUP	5,059.25	CIP No. T003; Engineering Services for the SCADA Implementation-December
0000001434	1/11/2024	FILIPPIN ENGINEERING	19,748.00	CIP No. C002; Construction Management Services for the Hwy 101 Sewer Main Protect-In-Place Project-Nov/Dec
0000001435	1/11/2024	SERPENTIX CONVEYOR CORP.	11,198.39	CIP No. CEME: Belt Press Telescoping Conveyor Belt
0000001436	1/11/2024	TIERRA CONTRACTING INC	242,520.75	CIP No. C002; Construction of the Hwy 101 Sewer Main Protect-In-Place Project Progress Payment
0000001437	1/11/2024	TORO ENTERPRISES, INC	9,167.05	CIP No. C002-Carryover; Construction of the Posilipo Force Main Relocation Project-Progress Payment
Bank G Total:			<u>287,693.44</u>	
Report Total:			<u><u>514,115.57</u></u>	



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MINUTES

For the Regular Meeting of the Board on:

January 11, 2024

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 12:06 pm on Thursday, January 11, 2024. The meeting was also broadcast using Zoom teleconferencing.

ATTENDANCE

Board Members Present:

Directors Hogan, Johnson, Martin, Ohlmann, and Ellwood T. Barrett II

Board Members Absent:

None

Also Present and Participating:

John Weigold, MSD General Manager

Stephen Williams, MSD Clerk of the Board & District Administrator

Aleks, Giragosian, District Legal Counsel Ricardo Larroude, MSD Collections &

Ricardo Larroude, MSD Collections & Maintenance Superintendent

2. PUBLIC COMMENT

No members of the public addressed the Board.

3. CONSENT CALENDAR

ON MOTION by Director Martin, Seconded by Director Hogan, the Board voted to approve the following Consent Calendar items:

A. Payables from December 1, 2023 through December 31, 2023

B. Board Meeting Minutes of the December 14, 2023 Regular Board Meeting

AYES: Directors Hogan, Martin, Ohlmann, and Barrett

NAYS: None

ABSTAIN: Director Johnson

ABSENT: None

4. COMMITTEE REPORTS

Directors Barrett and Hogan gave a summary of the January 9, 2024 Strategic Planning Committee Meeting.

5. DISTRICT BUSINESS ITEMS

A. BOARD POLICIES AND PROCEDURES

The Board discussed modifications to the Board Policies and Procedures Manual and direct staff to make suggested changes and bring back to a future Board Meeting for approval.

B. LOCAL AGENCY FORMATION COMMITTEE (LAFCO) REGULAR AND ALTERNATE SPECIAL DISTRICT MEMBER APPOINTMENTS

The District reviewed the candidates for the LAFCO Alternate Special District Member Appointments. Legal Counsel advised the Board that the President of the Board of Directors can cast a vote with no action necessary. President Barrett stated that he would be voting for current Montecito Sanitary District Board Member Dorinne Johnson.

6. GENERAL MANAGER'S REPORT

The Board received an information, nonactionable update from the General Manager John Weigold on relevant matters currently facing the District.

7. ITEMS FOR THE NEXT AGENDA

The next Board meeting will be a General Meeting of the Board on February 8, 2024. No topics were discussed to add to that agenda.

8. ADJOURNMENT

The meeting adjourned at 2:58 pm ON MOTION by Director Johnson, Seconded by Director Hogan.

These minutes were presented for approval at the Regular Board Meeting on February 22, 2024.

Ellwood T. Barrett II, President

Minutes taken and prepared by:

Stephen Williams
District Administrator/Clerk of the Board

RESOLUTION NO. 2024-973

**RESOLUTION OF THE GOVERNING BOARD OF
THE MONTECITO SANITARY DISTRICT
AUTHORIZING INVESTMENT OF MONIES IN
THE LOCAL AGENCY INVESTMENT FUND**

The Board of Directors for the Montecito Sanitary District resolves as follows:

WHEREAS, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Governing Board of this District hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein is in the best interests of the District.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes the deposit and withdrawal of District monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein.

BE IT FURTHER RESOLVED, as follows:

Section 1: The following District officers holding the title(s) specified hereinbelow **or their successors in office** are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

- Stephen Williams – District Administrator/Clerk of the Board
- John Weigold - General Manager
- Phillip Hogan - Vice President of the Board of Directors

Section 2: This resolution shall remain in full force and effect until rescinded by the Board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer’s Office.

PASSED AND ADOPTED by the Board of Directors of the Montecito Sanitary District on the **22nd** day of **February 2024**.

- AYES:**
- NAYS:**
- ABSTAIN:**
- ABSTENT:**

Ellwood T. Barrett II, President of the
Governing Board of the
MONTECITO SANITARY DISTRICT

ATTEST:

Stephen Williams, Clerk of the Board





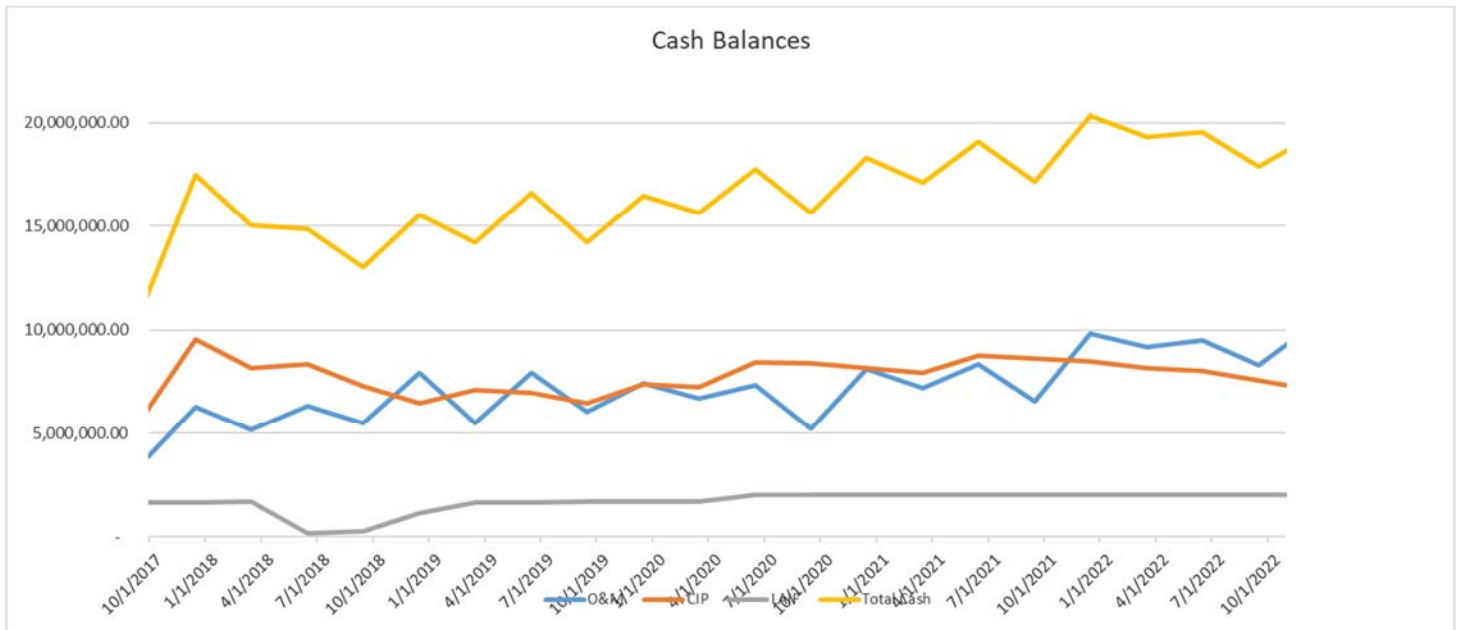
**Fiscal Year 2022-23 Unaudited Fourth Quarter
Financial Summary Memo**

For the Period Ended 6/30/2023

FINANCIAL HEALTH AND CASH POSITIONS

As of June 30, 2023, the District is in solid fiscal health and maintains a healthy cash balance sufficient to cover its short term and long term obligations. The District also maintains an unofficial reserve balance of approximately **\$2M** in its LAIF account, which is equal to approximately **4.65** months of Operations & Maintenance (O&M) expenditures (currently **\$430,063** per month). Typical business practice is to hold at least 3-6 months of cash on hand for emergencies, along with adequate insurance holdings. Based on this metric the District is within that range with its LAIF account.

Below is a chart detailing the District’s cash positions over the past five years:



Below is a chart detailing the current cash balances the District maintains compared to last quarter:

	Balance at 3/31/2023	Balance at 6/30/2023	Difference
Operations & Maintenance	\$ 9,473,925	\$ 10,860,567	\$ 1,386,642
Capital Improvement Projects	6,956,410	6,618,268	(338,142)
LAIF (Reserve)	2,043,293	2,057,064	13,771
Total Available Cash	\$ 19,433,997	\$ 19,535,899	\$ 1,062,271

Table 1 - Fiscal Year 2022-23 Cash Balances – Prior Quarter vs. Current Quarter

OPERATIONS & MAINTENANCE BUDGET TO ACTUAL SUMMARY

REVENUES

For Fiscal Year 2022-23, the District budgeted approximately **\$7.4M** in revenues between its two main revenue types: Operating and Non-operating revenue. The District receives approximately 96% of its revenues through two allocations from the County of Santa Barbara’s Property Tax apportionment, which occur in December and April of each year.

Table 2 below shows the breakdown of revenue received for the period ending **June 30, 2023**.

OPERATING AND NONOPERATING REVENUES

	2022-23 Budget	2022-23 Actuals	Difference
Operating Revenues			
Service Charges	\$ 6,600,000	\$ 6,525,589	\$ (74,411)
Connection Fees	100,000	234,212	134,212
Other Services	75,000	47,269	(27,731)
Total Operating Revenues	\$ 6,775,000	\$ 6,807,070	\$ 32,070
Nonoperating Revenues			
Property Taxes	\$ 665,000	\$ 748,625	\$ 83,625
Interest Income	-	226,439	226,439
Reimbursements	-	19,840	19,840
Total Nonoperating Revenues	\$ 665,000	\$ 994,904	\$ 329,904
Total Revenues	\$ 7,440,000	\$ 7,801,974	\$ 361,974

Table 2 - Fiscal Year 2022-23 Budget to Actuals for Revenue

Below is an analysis of estimated revenues budgeted and actual revenues collected to date:

Operating and Non-operating Revenue Noteworthy Items:

- Sewer Service Charges - The District’s primary source of revenues comes from Sewer Service Charges.** The District submitted all Sewer Service Charges to the County for inclusion on connected properties Property Tax bills in early July. This method saves a substantial amount of administrative time having to bill, collect, and reconcile over 3,000 sewer service bills to customers. Total residential and commercial sewer service charges came in at **\$6,525,589** for Fiscal Year 2022-23, which is within **1.1%** of what the District projected.
- Connection Fees –** The District has seen a higher number of connection fees processed than anticipated for the fiscal year. These properties have paid for their connection fees through the permitting process and will be included in the Property Tax Roll next fiscal year. The District the Lilac/Oak Grove Sewermain Extension Project, which added 23 additional parcels to the District’s customer base. As such Connection Fees were higher than anticipated for the Fiscal Year.
- Property Tax –** The District’s ½ of 1% Property Tax Revenue is collected in the same manner as the Sewer Service Charges. During the second quarter of Fiscal Year 2022-23 the County released estimated property tax revenue figures and anticipated that the District would receive **\$720,423**. Actual revenues came in at \$748,625, which is **\$28,202** higher than the District expected.

OPERATING EXPENDITURES

	2022-23 Budget	2022-23 Actuals	Difference	% of Budget
Operating Expenditures				
Salaries and Benefits	\$ 3,143,763	\$ 2,920,749	\$ 223,014	93%
Insurance	86,000	112,371	(26,371)	131%
Maintenance & Repairs	180,000	164,612	15,388	91%
Goods & Supplies	148,500	109,740	38,760	74%
Professional Services	360,000	217,994	142,006	61%
Administrative Costs	385,000	277,986	107,014	72%
Plant & Lab Operating Costs	538,000	588,453	(50,453)	109%
Safety, Training, & Travel	53,500	39,425	14,075	74%
Utilities	266,000	286,972	(20,972)	108%
Total Operating Expenditures	\$ 5,160,763	\$ 4,718,303	\$ 442,460	91%

Table 3 - Fiscal Year 2022-23 Budget to Actuals for Expenditures

The District’s Operations and Maintenance expenditures ended the year approximately **\$442,460** lower than budgeted for **Fiscal Year 2022-23**.

Below is a deeper analysis of some of the expenditure items staff feels a need to highlight for the Board from its Operations & Maintenance budget to actuals:

Operating Expenditures Noteworthy Items:

- **Salaries and Benefits** – Salaries and Benefits ended up **\$223,014** lower than expected. This is primarily due to lower than expected CalPERS contributions paired with Health Insurance premiums not increasing for Calendar Year 2023 as much as expected. All other line items were roughly in line with what the District expected.
- **7091 – Property Insurance** – This line item is overbudget due to an approximate **\$16,000** increase in the California Sanitation Risk Management Authority Pooled Liability Insurance premium cost. This was factored into the Fiscal Year 2023-24 budget, and will continue to be an item the District monitors as insurance rates are anticipated to grow for the foreseeable future.
- **7121 – Property Maintenance** – The \$24,098 overage is due to expenses incurred to repair the Operations Building roof after a eucalyptus tree fell on it in December of 2022. The District will receive insurance reimbursements for the damages in Fiscal Year 2023-24 once the claim is complete.
- **7461 – Professional Services – Legal** – This line item is for legal services provided solely by the District’s Legal Counsel. The district went over its **\$70,000** budget by **\$30,845**, ending at **\$100,845**. In Fiscal Year 2023-24 a budget of **\$100,000** was approved by the Board.
- **7467 – Professional Services – Special Legal Counsel** – This new line item for Fiscal Year 2022-23 tracked costs associated with special legal counsel hired by the District for special projects, namely Liebert, Cassidy, and Whitmore for work performed on labor negotiations with SEIU Local 620. And Colantuono, Highsmith and Whatley related to work performed on the Special District Consolidation

Feasibility Study. Expenditures came in much lower than anticipated with only \$18,403 of the \$50,000 budget being utilized, most of which was for labor negotiations. Fiscal Year 2023-24 saw a reduced budget approved (**\$25,000**) as these projects either ended or were near the end of their cycles.

- **7510 - Contracted Services/Labor** - The District has currently spent 78% of its budget for contracted services, wherein a large annual payment was planned for, and made, in September for its Smartcover System Service Warranty. This large expenditure early in the year is causing the percentage of budget utilized to be high, however, this was planned for during the budget process and the remaining transactions (mostly electrical and communication services) are expected to be within the budgeted amount.
- **7652 – Biosolids Disposal** – Disposal costs increased with inflation, and have been adjusted for in the Fiscal Year 2023-24 budget.
- **7653 – Chemicals** – Plant chemicals costs associated with the delivery of sodium hypochlorite (Hypo) and sodium bisulfate (Bisulfate) used for the disinfection process are one of the largest expenditure categories in the operation and maintenance budget. The District’s supplier, Univar, has provided both chemicals since 2010. Since then, prices have trended very closely with inflation. This fiscal year has been a period of hyper-inflation, and as such, Univar has instituted multiple price increases totaling 16% for Hypo and 14% for Bisulfate. District staff completed a Request for Quote for both chemicals and began receiving more advantageous terms (namely a guarantee of future cost increases not exceeding certain thresholds) near the end of the second quarter of Fiscal Year 2022-23. Higher chemical costs were incorporated into the Fiscal Year 2023-24 budget as well.
- **7657 – Plant Maintenance Materials** – The District budgeted the same amount in Fiscal Year 2022-23 as it had in Fiscal Year 2021-22. The combination of increased prices due to inflation along with the need for more maintenance materials as a result of emergency events (January rain storms and the force main break on Channel Drive) drove this line item to go over budget.
- **7681 – 2023 Winter Storm** – This line item collected all costs for the January 2023 emergency repairs needed after heavy rainfall. Staff is working with FEMA to get reimbursed for not only these costs, but the future costs of repair/mitigation for the four damaged sites.
- **7702 – Lab Equipment Maintenance** – The lab required higher than anticipated preventative maintenance on its HVAC system, along with higher maintenance and repair work on its heating and cooling systems during the fiscal year.
- **7763 – Electricity** – The combination of increased electricity rates during the fiscal year in conjunction with two emergency events in the quarter that required substantial use of extra pumps (at our Treatment Plant and at our lift station on Channel Drive) factored into the District going over budget in Fiscal Year 2022-23. The District factored this into the Fiscal Year 2023-24 budget and will be looking at energy saving solutions as well during the next fiscal year.

CAPITAL IMPROVEMENTS PROJECTS

The District maintains separate Capital Improvement Project band of accounts from its Operations and Maintenance funds. As of the end of the period the balance held in CIP accounts totals **\$7,102,134**.

The budget passed for **Fiscal Year 2022-23** utilizes estimates for the anticipated expenditures for CIP work including permitting, design, construction management, and all other costs associated with projects. The annual budget passed by the Board this Fiscal Year totaled **\$4,991,945**. The following table shows total budget and amount expended through the quarter by program.

	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
Collections	\$ 2,638,445	\$ 1,608,351
Lift Stations	\$ 140,000	\$ -
Treatment & Laboratory	\$ 2,026,000	\$ 112,612
Facilities	\$ 117,500	\$ 38,500
Sewer Main Extensions	\$ 70,000	\$ -
Recycled Water	\$ -	\$ 118,287
Total	\$ 4,991,945	\$ 1,877,749

Table 4 - Fiscal Year 2022-23 CIP Budget to Actuals

Attachment C provided includes all CIP activity through the period ending **June 30, 2023**. The projects below are some of the higher cost CIP items and have a brief summary of the work performed.

- **FY 2021-22 Carryover – Lilac-Oak Grove Sewer Main Extension** –A large portion of Collections CIP expenditures for Fiscal Year 2023-24 was for the Lilac-Oak Grove Sewer Main Extension project. This project was completed and the District will start to see reimbursements come in beginning with the Fiscal Year 2023-24 Tax Roll.
- **Highway 101 Sewer Main Relocation – Construction** – The District began construction efforts for the Highway 101 Sewer Main Relocation project, which is anticipated to be completed in Fiscal Year 2023-24.
- **Collections System Emergency Repairs** – There were two emergencies during Fiscal Year 2022-23 that comprised **\$165,289** in CIP expenditures. The first was for immediate repairs due to damages incurred to infrastructure after heavy rainfall on January 9, 2023. The other was a break in the Channel Drive Lift Station that required immediate pumping, bypassing, and repair work.

2017 SEWER REFUNDING REVENUE BONDS – CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) FINANCE CORPORATION

In May 2017 the District refunded its 2007 Certificates of Participation (COP). The District made two payments during Fiscal Year 2022-23 totaling \$936,500. Of this total \$685,000 will be applied to principal and \$251,500 will be applied to interest. The remaining balance of the bond at 6/30/2023 is **\$5,680,000**.

ANNUAL DEPRECIATION FUNDING

Annually, District's Operations & Maintenance accounts contribute to the Capital Replacement Fund. Typically, this contribution has been based on the prior fiscal year's annual depreciation expense. The current year contribution based on the Fiscal Year 2020-21 Financial Audit was \$1,228,291. The Fiscal Year 2021-22 audited figure is \$1,243,993 and will be transferred from the District's Operations & Maintenance account to its Capital Improvement Program account in Fiscal Year 2023-24.

Attachments:

Attachment A – Quarterly Cash and Investments Holdings as of **6/30/2023**

Attachment B – Quarterly Operations & Maintenance Expenditure Status Report as of **6/30/2023**

Attachment C – Quarterly Capital Improvement Projects Expenditure Status Report as of **6/30/2023**

Attachment D – Quarterly Investment Certification

**FY2022-23 Quarterly Cash and Investment Activity
Quarter 4**

	<u>4/1/2023</u>	<u>Income</u>	<u>Interest</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Withdrawals</u>	<u>6/30/2023</u>	<u>Net Change</u>	
Investment Accounts/ County Treasury									
Cash with LAIF	2,043,292		13,771				2,057,064	13,771	
Cash with County-Operating	8,657,970	3,237,675	16,295		(1,000,000)	(810,750)	10,101,190	1,443,220	Property Tax/SSCs: \$3,237,675 Transfers to MBT O&M: \$1,000,000 Debt Service Payment: \$810,750
Cash with County - Capital Replacement	5,681,787		26,054		(500,000)		5,207,841	(473,946)	Quarterly Interest: \$26,054
Cash with County-Retiree Medical	185,992		853				186,845	853	Quarterly Interest: \$853
Cash Accounts									
MBT Operating account	515,260	277,584		1,000,000		(1,335,472)	457,372	(57,888)	Income: connection, permit, & other fees Transfers In: \$1,000,000 from County O&M Withdrawals: O&M Expenses (Salary, A/P)
MBT Capital Improvement account	295,406			500,000		(254,720)	540,686	245,280	Withdrawals: Pmts on Capital Projects
Revolving fund account	1,450						1,450	-	Withdrawals: replenish immediate O&M expenses paid outside normal processing
Insurance Reimbursement Acct	113,003		457				113,460	457	Quarterly Interest: \$457
MBT Recycled Water account	979,216		3,844			(113,319)	869,741	(109,475)	Quarterly Interest: \$3,844 Withdrawals: Recycled Water Project Pymts
Petty Cash	250						250	-	
Total Cash & Investment accounts	18,473,628	3,515,259	61,274	1,500,000	(1,500,000)	(2,514,261)	19,535,899	1,062,271	

MONTECITO SANITARY DISTRICT OPERATIONS AND MAINTENANCE EXPENDITURE STATUS REPORT

FOR THE PERIOD ENDED 6/30/2023

		2022-23 BUDGET	2022-23 ACTUALS	VARIANCE	% OF BUDGET
OPERATING EXPENDITURES					
SALARIES AND BENEFITS					
6100	STAFF SALARIES	\$ 1,910,563	\$ 1,894,170	\$ 16,393	99%
6105	BOARD SALARIES	52,800	34,672	18,128	66%
6108	AUTO ALLOWANCE - GM	3,600	3,600	-	100%
6270	STANDBY PAY	33,000	38,985	(5,985)	118%
6300	OVERTIME	30,000	15,462	14,538	52%
6400	PERS CONTRIBUTION	435,000	383,086	51,914	88%
6410	EMPLOYEE BENEFITS	65,000	55,572	9,428	85%
6500	FICA CONTRIBUTION	117,000	114,856	2,144	98%
6510	MEDICARE	27,500	27,624	(124)	100%
6520	UNEMPLOYMENT TAX - STATE	3,500	2,884	616	82%
6600	GROUP MEDICAL - ACWA	325,000	244,349	80,651	75%
6605	RETIREE MEDICAL BENEFITS	25,000	21,204	3,796	85%
6610	LIFE INSURANCE - ACWA	7,300	5,556	1,744	76%
6615	DISABILITY INS - STANDARD	26,000	18,766	7,234	72%
6620	WORKER'S COMPENSATION	50,000	38,650	11,350	77%
6640	DENTAL INSURANCE - ACWA	21,000	11,463	9,537	55%
6650	UNIFORM SERVICE - MISSION	11,500	9,851	1,649	86%
TOTAL SALARIES AND BENEFITS		\$ 3,143,763	\$ 2,920,749	\$ 223,014	93%
SERVICES AND SUPPLIES					
7090	INS (GEN LIAB/AUTO/E&O) - CSRMA	\$ 60,000	\$ 76,236	\$ (16,236)	127%
7091	PROPERTY INSURANCE	15,000	25,878	(10,878)	173%
7093	INS (EMP DISHONESTY BOND) - CSRMA	1,000	849	151	85%
7094	INS (MOBILE EQUIP) - CSRMA	10,000	9,408	592	94%
7110	EMPLOYEE PHYSICALS	2,500	1,845	655	74%
7121	PROPERTY MAINTENANCE	65,000	89,098	(24,098)	137%
7122	VEHICLE MAINTENANCE	13,000	13,260	(260)	102%
7126	COLL - EQUIPMENT RENTAL	1,000	-	1,000	0%
7127	COLL - SAFETY EQUIPMENT/SUPPLIES	8,000	3,216	4,784	40%
7129	LIFT STATION PARTS	30,000	22,487	7,513	75%
7133	VACCON EQUIPMENT & REPAIRS	15,000	16,530	(1,530)	110%
7134	CCTV EQUIPMENT/REPAIRS	15,000	5,282	9,718	35%
7136	COLL - MISC COLLECTION TOOLS	10,000	6,733	3,267	67%
7138	JETTER TRUCK EQUIP / REPAIRS	8,000	3,511	4,489	44%
7150	MECHANICAL MAINTENANCE	5,000	2,042	2,958	41%
7200	GENERAL OPERATING SUPPLIES	10,000	10,561	(561)	106%
7201	DRINKING WATER	2,500	2,057	443	82%
7202	GLOVES	8,000	7,079	921	88%
7205	COMMUNITY & EMPLOYEE GOODWILL	6,000	1,348	4,652	22%
7220	MAILING/SHIPPING EXPENSES	5,000	994	4,006	20%
7430	MEMBERSHIPS	60,000	51,308	8,692	86%
7440	MISCELLANEOUS EXPENSES	2,500	-	2,500	0%
7450	OFFICE EXPENSES	15,000	12,566	2,434	84%
7452	SCANNING & SHREDDING	10,000	-	10,000	0%
7454	BOOKS/SUBSCRIPTIONS/STUDY GUIDES	2,000	813	1,187	41%
7456	COMPUTER HARDWARE/SOFTWARE/LICENSING	37,500	23,014	14,486	61%
7461	PROFESSIONAL SERVICES/FEES - LEGAL	70,000	100,845	(30,845)	144%
7462	PROFESSIONAL FEES - ACCOUNTING	45,000	28,806	16,194	64%
7463	PROF SERVICES - ENGINEERING	50,000	4,226	45,774	8%
7464	PROFESSIONAL FEES - COMPUTER/GIS	60,000	51,918	8,082	87%
7466	PROF SERVICES - HUMAN RESOURCES	10,000	13,796	(3,796)	138%
7467	PROF SERVICES - SPECIAL LEGAL COUNSEL	50,000	18,403	31,598	37%
7500	PUBLIC OUTREACH	75,000	-	75,000	0%
7506	ADMINISTRATIVE FEES	30,000	28,294	1,706	94%
7508	COLLECTION/TREATMENT FINES	10,000	-	10,000	0%
7510	CONTRACTED SERVICES/LABOR	95,000	97,210	(2,210)	102%
7530	ADS/NOTICES FOR PUBLICATION	3,000	3,068	(68)	102%
7610	FURNITURE/FIXTURES	10,000	2,244	7,756	22%
7641	NPDES PERMIT EXPENSES-LAB	15,000	14,808	192	99%
7645	NPDES PERMIT REQUIREMENTS - OPERATIONS	50,000	35,295	14,705	71%

7650	ELECTION EXPENSES	7,000	-	7,000	0%
7651	ANALYZER CHEMICALS	-	2,953	(2,953)	100%
7652	BIOSOLIDS DISPOSAL	60,000	68,976	(8,976)	115%
7653	CHEMICALS	220,000	328,291	(108,291)	149%
7654	GENERATOR SERVICE	10,000	2,140	7,860	21%
7655	HAZARDOUS MATERIALS DISPOSAL	2,000	231	1,769	12%
7656	PLANT EQUIPMENT RENTAL	5,000	-	5,000	0%
7657	PLANT MAINTENANCE MATERIALS	75,000	86,757	(11,757)	116%
7658	PLANT MAINTENANCE PROJECTS	5,000	4,837	163	97%
7659	PLANT SAFETY EXPENSES	5,000	2,451	2,549	49%
7661	POLYMER	10,000	9,665	335	97%
7662	SMALL TOOLS/EQUIP	4,000	3,072	928	77%
7670	SPECIAL PROJECTS	115,000	29,589	85,411	26%
7671	ASSET MANAGEMENT	100,000	21,198	78,802	21%
7675	COVID-19 EXPENSES	35,000	10,648	24,352	30%
7681	2023 WINTER STORM	-	54,865	(54,865)	100%
7700	LAB CONSUMABLES-SMALL EQUIPMENT	32,000	28,593	3,407	89%
7702	LAB EQUIPMENT MAINTENANCE	10,000	22,846	(12,846)	228%
7703	CONTRACT LAB ANALYSES	10,000	8,893	1,107	89%
7704	ELAP ACCREDITATION	-	120	(120)	100%
7722	BOARD TRAINING/CONF REGISTRATION	2,500	-	2,500	0%
7723	BOARD MEETINGS/TRAVEL EXPENSES	1,000	1,293	(293)	129%
7724	STAFF TRAINING/CONF REGISTRN	15,000	13,014	1,987	87%
7725	STAFF TRAVEL EXPENSES	15,000	7,342	7,658	49%
7726	STAFF CERTIFICATIONS/LICENSES	8,000	7,450	550	93%
7727	OSHA REQUIRED TRAINING	5,000	6,217	(1,217)	124%
7728	SAFETY BOOT ALLOWANCE	4,500	3,304	1,196	73%
7729	APPAREL AND UNIFORMS	2,500	-	2,500	0%
7731	LOCAL MEETING EXPENSES	2,500	805	1,695	32%
7740	FUEL AND OIL	25,000	22,991	2,009	92%
7761	WATER	15,000	8,389	6,611	56%
7762	NATURAL GAS	5,000	5,160	(160)	103%
7763	ELECTRICITY	175,000	202,438	(27,438)	116%
7766	TRASH / RECYCLING	16,000	17,792	(1,792)	111%
7767	TELEPHONE - LOCAL/LD	18,000	17,475	525	97%
7768	TELEPHONE CELLULAR	12,000	12,726	(726)	106%
	TOTAL SERVICES AND SUPPLIES	\$ 2,017,000	\$ 1,797,553	\$ 219,447	89%
	TOTAL OPERATING EXPENDITURES	\$ 5,160,763	\$ 4,718,303	\$ 442,460	91%

Fiscal Year 2022-23 Capital Improvement Program (CIP) Plan

Adopted by the Board on June 23, 2022

Collections:

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
FY2021-2022 Carryover	Highway 101 Sewer Main Relocation - Design	\$ 194,127	\$ -	\$ 89,445	\$ 74,296
FY2021-2022 Carryover	Lilac-Oak Grove Sewer Main Extension	\$ 2,051,473	\$ 1,564,325	\$ 750,000	\$ 1,024,622
C001	Collection System Condition Assessment & Prioritization Plan	\$ 40,000		\$ 40,000	
C002	Highway 101 Sewer Main Relocation - Construction	\$ 860,000		\$ 860,000	\$ 241,659
C003	Olive Mill/San Ysidro Roundabout Relocation	\$ 250,000		\$ 250,000	\$ 43,765
C004	Large Diameter Sewer Main Rehabilitation	\$ 875,000		\$ 75,000	
C005	Manhole Rehab lining project	\$ 25,000		\$ 25,000	
CMAN	Manhole Adjustments	\$ 60,000	\$ -	\$ 60,000	\$ 51,898
CEME	Collection System Emergency Repairs	\$ 30,000	\$ -	\$ 30,000	\$ 165,289
CEQU	Equipment Replacement	\$ 459,000		459,000	6,822
Collections Subtotal			\$ 1,564,325	\$ 2,638,445	\$ 1,608,351

Lift Stations:

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
L001	Lift Station Condition Assessment & Prioritization Plan	\$ 50,000		\$ 50,000	
L002	Channel Lift Station Improvement	\$ 60,000		\$ 60,000	
LEME	Lift Station Emergency Repairs	\$ 30,000		\$ 30,000	
Lift Stations Subtotal			\$ 1,564,325	\$ 140,000	\$ -

Treatment & Laboratory:

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
T001	Electrical Rehabilitation & Aeration Blower Replacement Project	\$ 1,440,000		\$ 1,440,000	\$ 356
T002	Skimmer troughs replacement	\$ 140,000		\$ 140,000	\$ 20,912
T003	SCADA Implementation	\$ 100,000		\$ 75,000	
T004	Disinfection Process -Pumps Replacement	\$ 40,000		\$ 40,000	\$ 51,070
T005	IPS Channel Improvements	\$ 141,000		\$ 141,000	
T006	Grinder No. 2 Replacement	\$ 40,000		\$ 40,000	\$ 35,013
TEME	Treatment O/M Emergencies	\$ 100,000		\$ 100,000	
TEQU	Equipment Replacement	\$ 50,000	\$ -	\$ 50,000	\$ 5,261
Treatment Subtotal			\$ -	\$ 2,026,000	\$ 112,612

Facilities:

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
F001	Roof for Admin/Operations Building	\$ 65,000		\$ 65,000	
F002	Maintenance Gate controller with new keypads	\$ 13,500		\$ 13,500	\$ 14,800
F003	Main Gate replacement with motorized gate and keypads	\$ 24,000		\$ 24,000	\$ 23,700
F004	Remodel Men's Restroom in Maintenance Building	\$ 15,000		\$ 15,000	
Facilities Subtotal			\$ -	\$ 117,500	\$ 38,500

Sewer Main Extensions:

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
S001	Septic to Sewer Strategic Plan (Alisos/Ashley & E Mountain 30% Design)	\$ 70,000		\$ 70,000	
Sewer Main Extensions Subtotal			\$ -	\$ 70,000	\$ -

Recycled Water:

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
T011	Recycled Water Final Design, Update CDP, and Title 22 Report for first phase	Unknown		\$ -	\$ 113,716
T012	Recycled Water Construction for first phase	Unknown		\$ -	\$ 4,571
T008	Recycled Water Construction for remaining phases	Unknown		\$ -	
Recycled Water Subtotal			\$ -	\$ -	\$ 118,287

	2022-23 Approved Budget	Project Expenditures Through 6/30/2023
Collections	\$ 2,638,445	\$ 1,608,351
Lift Stations	\$ 140,000	\$ -
Treatment & Laboratory	\$ 2,026,000	\$ 112,612
Facilities	\$ 117,500	\$ 38,500
Sewer Main Extensions	\$ 70,000	\$ -
Recycled Water	\$ -	\$ 118,287
Total	\$ 4,991,945	\$ 1,877,749



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

Phone: (805) 969-4200
www.montsan.org

QUARTERLY CERTIFICATION STATEMENTS FOR THE MONTECITO SANITARY DISTRICT

in accordance with
RESOLUTION NO. 2013-883, MSD INVESTMENT POLICY

For the Quarter Ended

June 30, 2023

As Treasurer of the Montecito Sanitary District, I, **Edwin Martin** certify that:

- (1) All investment actions executed since the last report have been made in full compliance with the Montecito Sanitary District Investment Policy;
- (2) A complete and timely record of all investment transactions is maintained in the District office from reports supplied by LAIF and the S. B. County Treasurer's office; and
- (3) The Montecito Sanitary District is able to meet its pool's expenditure requirements for the next six months.

Dated: _____

Board Treasurer
MONTECITO SANITARY DISTRICT



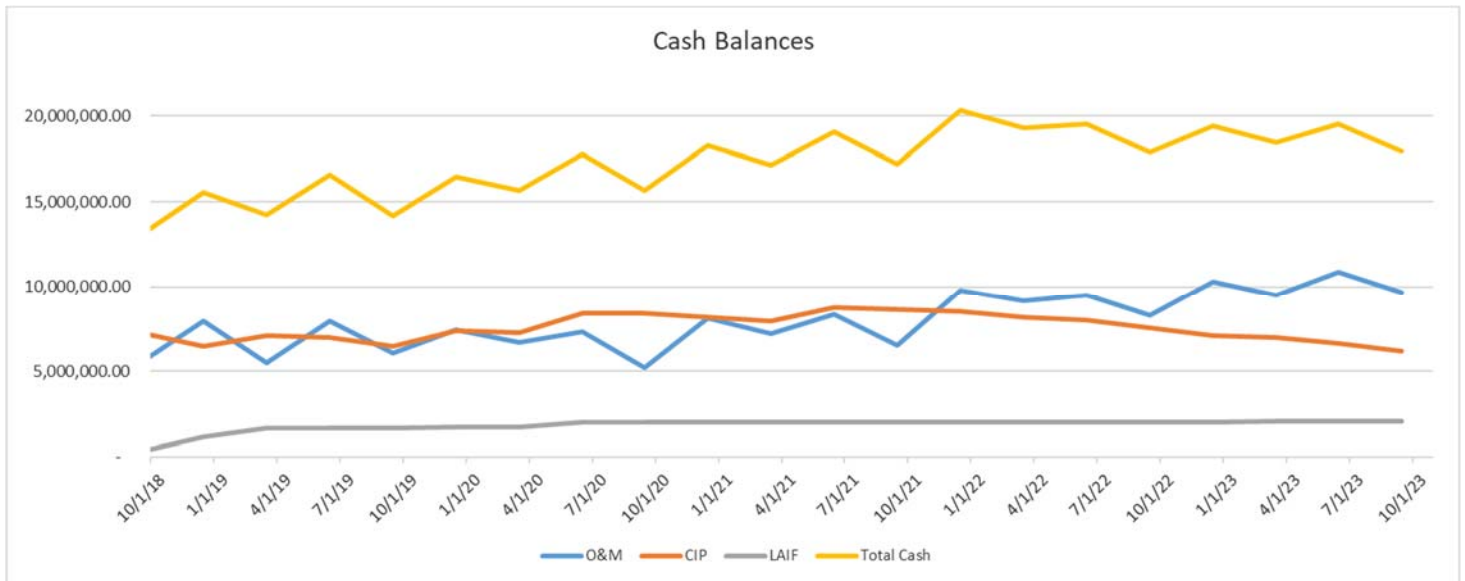
Fiscal Year 2023-24 Unaudited First Quarter Financial Summary Memo

For the Period Ended 9/30/2023

FINANCIAL HEALTH AND CASH POSITIONS

As of September 30, 2023, the District is in a sound financial position. It maintains a healthy cash balance sufficient to cover its short term and long term obligations. The District also maintains an unofficial reserve balance of approximately **\$2M** in its LAIF account, which is equal to approximately **4.65** months of Operations & Maintenance (O&M) expenditures (currently **\$430,063** per month). Typical business practice is to hold at least 3-6 months of cash on hand for emergencies, along with adequate insurance holdings. Based on this metric the District is within that range with its LAIF account.

Below is a chart detailing the District’s cash positions over the past five years:



Below is a chart detailing the current cash balances the District maintains compared to last quarter:

	Balance at 6/30/2023	Balance at 9/30/2023	Difference
Operations & Maintenance	\$ 10,860,567	\$ 9,677,162	\$ (1,183,405)
Capital Improvement Projects	6,618,268	6,169,269	(448,999)
LAIF (Reserve)	2,057,064	2,073,215	16,151
Total Available Cash	\$ 19,535,899	\$ 17,919,646	\$ (1,616,253)

REVENUES

For Fiscal Year 2023-24, the District expects approximately **\$7.75M** in revenues between its two main revenue types: Operating and Non-operating revenue. The District receives approximately 96% of its revenues through two allocations from the County of Santa Barbara’s Property Tax apportionment, which occurs in December and April of each year. As such, the District has not received its expected **\$3.6M** in the first apportionments from the County. The District has sufficient cash on hand to handle the timing of revenues, so no temporary borrowing is necessary for the District to meet its obligations.

Table 1 below shows the breakdown of revenue received for the period ending September 30, 2023.

OPERATIONS & MAINTENANCE BUDGET TO ACTUAL SUMMARY

OPERATING AND NONOPERATING REVENUES

	2023-24 Budget	2023-24 Actuals	Difference
Operating Revenues			
Service Charges	\$ 6,650,000	\$ 22,110	\$ (6,627,890)
Connection Fees	125,000	83,770	(41,230)
Other Services	75,000	9,870	(65,130)
Total Operating Revenues	\$ 6,850,000	\$ 115,750	\$ (6,734,250)
Nonoperating Revenues			
Property Taxes	\$ 725,000	\$ 3,745	\$ (721,255)
Interest Income	175,000	87,983	(87,017)
Total Nonoperating Revenues	\$ 900,000	\$ 3,745	\$ (896,255)
Total Revenues	\$ 7,750,000	\$ 119,496	\$ (7,630,504)

Table 1. Fiscal Year 2022-23 Budget to Actuals for Revenue

Below is a deeper analysis or estimated versus actual revenues collected:

Operating and Non-operating Revenue Noteworthy Items:

- Sewer Service Charges - The District's primary source of revenues comes from Sewer Service Charges.** The District submitted all Sewer Service Charges to the County for inclusion on connected properties Property Tax bills in early July. This method saves a substantial amount of administrative time having to bill, collect, and reconcile over 3,000 sewer service bills to customers. Total amount reported to the Auditor was **\$6,621,552**, so Staff anticipates Sewer Service Charges revenue coming in slightly lower than budgeted for in Fiscal Year 2023-24. This increase is mostly attributed to our Commercial account holders as a result of increasing water usage.
- Connection Fees** – The District has seen a higher number of connection fees processed in the first quarter of the fiscal year than anticipated, primarily due to properties connecting to the recently completed Lilac/Oak Grove sewermain extension. These properties have paid for their connection fees through the permitting process and will be included in the Property Tax Roll in the next fiscal year.
- Other Services** – The District collects various fees as it relates to inspection services, sewer availability inquiries, engineering review services, agreements, and administrative certifications. As of the end of Q1, Staff does not anticipate any material overages or underages in this revenue source.
- Property Tax** – The District's ½ of 1% Property Tax Revenue is collected in the same manner as the Sewer Service Charges. The County released an estimated property tax revenue figures in mid-October and the District is expected to receive **\$770,332**, which is **\$45,332** higher than budgeted for Fiscal Year 2023-24.

- **Interest Income** – The District began budgeting for Interest Income in Fiscal Year 2023-24. Currently staff expects higher interest earnings than budgeted.

OPERATING EXPENDITURES

	2023-24 Budget	2023-24 Actuals	Difference	% of Budget
Operating Expenditures				
Salaries and Benefits	\$ 3,289,900	\$ 825,756	\$ 2,464,144	25%
Insurance	119,200	46,102	73,098	39%
Maintenance & Repairs	180,000	63,860	116,140	35%
Goods & Supplies	138,500	13,490	125,010	10%
Professional Services	352,000	60,943	291,057	17%
Administrative Costs	400,000	89,629	310,371	22%
Plant & Lab Operating Costs	635,000	106,461	528,539	17%
Safety, Training, & Travel	53,500	9,182	44,318	17%
Utilities	302,500	56,625	245,875	19%
Total Operating Expenditures	\$ 5,470,600	\$ 1,272,049	\$ 4,198,551	23%

The District’s Operations and Maintenance expenditure budget is in alignment with what the District anticipated for end of Q1. Salaries and Benefits expenditures are sitting at approximately **26%** of utilization, even with a large Unfunded Actuarial Liability (UAL) payment being made during the first quarter. Services and Supplies budget has utilized approximately **14%** of the anticipated budget at the end of the first quarter, and we expect that percentage to increase as some of the larger projects begin later on in the fiscal year.

Below is a deeper analysis of some of the areas the District wishes to highlight for the Board from its Operations & Maintenance budget to actuals:

Operating Expenditures Noteworthy Items:

- **6400 – CalPERS Contribution** – Every year the District elects to prepay its UAL in July rather than paying in monthly installments in order to save money. This large expenditure early in the year is causing the percentage of budget utilized to be high, however, based on the UAL payment and estimated contributions for the rest of the fiscal year the District expects to be slightly under budget at year end.
- **7091 – Property Insurance** – The District’s saw an increase to its property insurance and Workers Compensation insurance of approximately **26.1%** and **12.7%** respectively. While the District did anticipate higher premiums in its budget, these percentages surpassed our estimates. The District receives its largest premium bill in December, so the next quarters’ financial reports will include any recommendation for a budget revision at that time.
- **7121 – Property Maintenance** – Repairs to the Operations Building HVAC and Laboratory HVAC were required in the first quarter of the fiscal year causing the percent utilization to be higher than anticipated. If further unanticipated maintenance is necessary the need for a budget adjustment might arise. Staff will advise the Board in future Financial Summary Memos if that will be needed.

- **7129 – Lift Station Parts** – Approximately \$4,500 in unanticipated Generator Service costs were incurred during the first quarter spiking the amount anticipated in the first quarter. Staff doesn't expect further costs that would necessitate a budget revision in the later part of the fiscal year.
- **7461 – Professional Services – Legal** – This line item will now only track costs for the District's General Legal Counsel (Colantuono Highsmith & Whatley). Based on current costs realized through the first quarter and a normal utilization of our General Legal Counsel, Staff expects this to be in line with annual budgetary figures. Staff will continue to monitor this line item at future financial reports in order to provide projections on budget to actuals.
- **7464 – Professional Fees – Computer/GIS** – In the first quarter staff implemented Office 365 which moves the District into a cloud-based network setup. This transition saves the District money when compared to replacing the physical servers it used to house on site as well as creates efficiencies with data backup/integration with the District's new GIS upgrades.
- **7510 - Contracted Services/Labor** - The District paid its annual Smartcover System Service Warranty in September totaling **\$32,760**. Furthermore, the District's GIS upgrade project began and will be completed by early in the first quarter of 2024. These expenditure early in the year is causing the percentage of budget utilized to be high, however, this was planned for during the budget process and the remaining transactions are expected to be within the budgeted amount.
- **7653 – Chemicals** – Staff completed a bid process for its chemicals near the end of fiscal year 2022-23. As such chemical costs are coming in as expected during the fiscal year. As price increases were negotiated staff does not expect costs to increase at a rate higher than budgeted for as had happened in the prior fiscal year.

CAPITAL IMPROVEMENTS PROJECTS

The District maintains separate Capital Improvement Project band of accounts from its Operations and Maintenance funds. As of the end of the period the balance held in CIP accounts totals **\$6,169,269**.

The budget passed for Fiscal Year 2023-24 utilizes estimates for the anticipated expenditures for CIP work including permitting, design, construction management, and all other costs associated with projects. The annual budget passed by the Board this Fiscal Year totaled **\$7,495,000**. The following table shows total budget and amount expended through the quarter by program.

Program	2023-24 Approved Budget	Project Expenditures Through 9/30/2023
Collections	\$ 4,020,000	\$ 97,594
Lift Stations	\$ 500,000	\$ 6,518
Treatment & Lab Facilities	\$ 2,830,000	\$ 104,507
Sewer Main Extens	\$ 75,000	\$ -
	\$ 70,000	\$ -
Total	\$ 7,495,000	\$ 208,619

The following highlights noteworthy capital expenditures for Q1 and **Attachment C** provides includes all CIP activity through the period ending September 30, 2023.

- **T002 – Skimmer Troughs Installation** – The majority of CIP costs in the first quarter are attributable to the installation of the newly purchased Skimmer Troughs (purchased in Fiscal Year 2022-23).
- **C002 – Highway 101 Sewer Main Protect-In-Place** – The only other notable capital expenditures during the quarter were related to the Highway 101 Sewermain Protect-in-Place project. The District will be reimbursed for these costs once completed, so CIP cash will eventually be regained once the project is completed.

The District spent a great portion of the first quarter planning for capital improvement projects, so expenditures are expected to increase sharply over the next three quarters. Updates to CIP projects will also be included in monthly General Manager’s reports heard at Regular Board Meetings.

2017 SEWER REFUNDING REVENUE BONDS – CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) FINANCE CORPORATION

In May 2017 the District refunded its 2007 Certificates of Participation (COP). The District will make two payments on its bond during Fiscal Year 2023-24 totaling \$934,100. Of this total \$710,000 will be applied to principal and \$224,100 will be applied to interest. The next payment due date is January 1, 2023. After all payments are made in Fiscal Year 2023-24 the remaining bond debt will be \$4,970,000 and is expected to be paid off by July 1, 2030.

ANNUAL DEPRECIATION FUNDING

Annually, District’s Operations & Maintenance accounts contribute to the Capital Replacement Fund. Typically, this contribution has been based on the prior fiscal year’s annual depreciation expense. The current year contribution based on the Fiscal Year 2022-23 Financial Audit, and that unofficial figure will be \$1,271,840. Once the Fiscal Year 2022-23 audit is finalized staff will initiate the contribution from its County Operations and Maintenance fund to its County Capital Improvement Program fund.

Attachments:

- Attachment A – Quarterly Cash and Investments Holdings as of **9/30/2023**
- Attachment B – Quarterly Operations & Maintenance Expenditure Status Report as of **9/30/2023**
- Attachment C – Quarterly Capital Improvement Projects Expenditure Status Report as of **9/30/2023**
- Attachment D – Quarterly Investment Certification

**FY2023-24 Quarterly Cash and Investment Activity
Quarter 1**

	<u>7/1/2023</u>	<u>Income</u>	<u>Interest</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Withdrawals</u>	<u>9/30/2023</u>	<u>Net Change</u>	
Reserve/County Treasury Accounts									
Cash with LAIF	2,057,064		16,151				2,073,215	16,151	Quarterly Interest
Cash with County - Operating	10,101,190	2,265	57,814		(1,250,000)		8,911,270	(1,189,920)	Property Tax: \$2,265 Quarterly Interest: \$57,814 Transfers to MBT O&M: \$1,250,000
Cash with County - Capital Replacement	5,207,841		29,172		(350,000)		4,887,014	(320,828)	Quarterly Interest: \$29,172 Transfers: \$350,000 to MBT CIP
Cash with County - Retiree Medical	186,845		996				187,841	996	Quarterly Interest: \$996
Operating Accounts									
MBT Operating Account	457,372	140,551		1,250,000		(1,385,491)	462,432	5,060	Income: connection, permit, & other fees Transfers: \$1,250,000 from County O&M Withdrawals: O&M Expenses
MBT Capital Improvement Account	540,686			350,000		(481,907)	408,779	(131,907)	Transfers: \$350,000 from County CIP Withdrawals: pmts on Capital Projects
Revolving Fund Account	1,450						1,450	-	Withdrawals: payments on O&M expenses paid outside normal processing
Insurance Reimbursement Account	113,460		459				113,919	459	Quarterly Interest: \$459
MBT Recycled Water Account	869,741		3,735				873,476	3,735	Withdrawals: pmts on Recycled Water Projects
Petty Cash	250						250	-	
Total Cash & Investment accounts	19,535,899	142,817	108,328	1,600,000	(1,600,000)	(1,867,397)	17,919,645	(1,616,253)	

MONTECITO SANITARY DISTRICT OPERATIONS AND MAINTENANCE EXPENDITURE STATUS REPORT

FOR THE PERIOD ENDED 9/30/2023

		2023-24 BUDGET	2023-24 ACTUALS	VARIANCE	% OF BUDGET
OPERATING EXPENDITURES					
SALARIES AND BENEFITS					
6100	STAFF SALARIES	\$ 2,099,000.00	\$ 426,442.52	\$ 1,672,557.48	20%
6105	BOARD SALARIES	45,000.00	8,085.00	36,915.00	18%
6108	AUTO ALLOWANCE - GM	3,600.00	900.00	2,700.00	25%
6270	STANDBY PAY	33,000.00	11,250.00	21,750.00	34%
6300	OVERTIME	30,000.00	4,720.03	25,279.97	16%
6400	PERS CONTRIBUTION	415,000.00	241,975.87	173,024.13	58%
6410	EMPLOYEE BENEFITS	60,000.00	11,292.67	48,707.33	19%
6500	FICA CONTRIBUTION	135,000.00	27,439.27	107,560.73	20%
6510	MEDICARE	32,000.00	6,417.24	25,582.76	20%
6520	UNEMPLOYMENT TAX - STATE	3,500.00	102.10	3,397.90	3%
6600	GROUP MEDICAL - ACWA	300,000.00	37,480.36	262,519.64	12%
6605	RETIREE MEDICAL BENEFITS	20,000.00	2,937.36	17,062.64	15%
6610	LIFE INSURANCE - ACWA	7,300.00	850.00	6,450.00	12%
6615	DISABILITY INS - STANDARD	26,000.00	3,201.36	22,798.64	12%
6620	WORKER'S COMPENSATION	50,000.00	39,570.00	10,430.00	79%
6640	DENTAL INSURANCE - ACWA	19,000.00	1,717.60	17,282.40	9%
6650	UNIFORM SERVICE - MISSION	11,500.00	1,374.93	10,125.07	12%
	TOTAL SALARIES AND BENEFITS	\$ 3,289,900.00	\$ 825,756.31	\$ 2,464,143.69	25%
SERVICES AND SUPPLIES					
7090	INS (GEN LIAB/AUTO/E&O) - CSRMA	\$ 80,000.00	\$ -	\$ 80,000.00	0%
7091	PROPERTY INSURANCE	28,000.00	36,130.84	(8,130.84)	129%
7093	INS (EMP DISHONESTY BOND) - CSRMA	1,200.00	891.00	309.00	74%
7094	INS (MOBILE EQUIP) - CSRMA	10,000.00	9,080.00	920.00	91%
7110	EMPLOYEE PHYSICALS	2,500.00	-	2,500.00	0%
7121	PROPERTY MAINTENANCE	70,000.00	29,611.49	40,388.51	42%
7122	VEHICLE MAINTENANCE	15,000.00	1,745.98	13,254.02	12%
7126	COLL - EQUIPMENT RENTAL	1,000.00	-	1,000.00	0%
7127	COLL - SAFETY EQUIPMENT/SUPPLIES	8,000.00	372.04	7,627.96	5%
7129	LIFT STATION PARTS	30,000.00	17,139.29	12,860.71	57%
7133	VACCON EQUIPMENT & REPAIRS	15,000.00	1,424.22	13,575.78	9%
7134	CCTV EQUIPMENT/REPAIRS	15,000.00	7,932.83	7,067.17	53%
7136	COLL - MISC COLLECTION TOOLS	10,000.00	3,631.65	6,368.35	36%
7138	JETTER TRUCK EQUIP / REPAIRS	6,000.00	386.21	5,613.79	6%
7150	MECHANICAL MAINTENANCE	5,000.00	1,216.36	3,783.64	24%
7200	GENERAL OPERATING SUPPLIES	10,000.00	1,831.50	8,168.50	18%
7201	DRINKING WATER	2,500.00	355.40	2,144.60	14%
7202	GLOVES	8,000.00	211.29	7,788.71	3%
7205	COMMUNITY & EMPLOYEE GOODWILL	6,000.00	1,367.69	4,632.31	23%
7220	MAILING/SHIPPING EXPENSES	5,000.00	-	5,000.00	0%
7430	MEMBERSHIPS	50,000.00	563.00	49,437.00	1%
7440	MISCELLANEOUS EXPENSES	2,500.00	-	2,500.00	0%
7450	OFFICE EXPENSES	15,000.00	2,910.68	12,089.32	19%
7452	SCANNING & SHREDDING	10,000.00	-	10,000.00	0%
7454	BOOKS/SUBSCRIPTIONS/STUDY GUIDES	2,000.00	-	2,000.00	0%
7456	COMPUTER HARDWARE/SOFTWARE/LICENSING	37,500.00	6,250.74	31,249.26	17%
7461	PROFESSIONAL SERVICES/FEEES - LEGAL	100,000.00	11,450.00	88,550.00	11%
7462	PROFESSIONAL FEES - ACCOUNTING	45,000.00	7,405.00	37,595.00	16%
7463	PROF SERVICES - ENGINEERING	100,000.00	1,300.00	98,700.00	1%
7464	PROFESSIONAL FEES - COMPUTER/GIS	60,000.00	39,276.20	20,723.80	65%
7466	PROF SERVICES - HUMAN RESOURCES	12,000.00	1,011.90	10,988.10	8%
7467	PROF SERVICES - SPECIAL LEGAL COUNSEL	25,000.00	-	25,000.00	0%
7500	PUBLIC OUTREACH	10,000.00	500.00	9,500.00	5%
7506	ADMINISTRATIVE FEES	30,000.00	11,943.57	18,056.43	40%
7508	COLLECTION/TREATMENT FINES	10,000.00	-	10,000.00	0%
7510	CONTRACTED SERVICES/LABOR	95,000.00	74,332.52	20,667.48	78%
7530	ADS/NOTICES FOR PUBLICATION	3,000.00	-	3,000.00	0%
7610	FURNITURE/FIXTURES	10,000.00	73.21	9,926.79	1%
7641	NPDES PERMIT EXPENSES-LAB	17,000.00	946.41	16,053.59	6%
7645	NPDES PERMIT REQUIREMENTS - OPERATIONS	100,000.00	-	100,000.00	0%
7650	ELECTION EXPENSES	-	-	-	0%
7651	ANALYZER CHEMICALS	-	479.62	(479.62)	0%
7652	BIO SOLIDS DISPOSAL	65,000.00	8,617.78	56,382.22	13%
7653	CHEMICALS	300,000.00	65,513.74	234,486.26	22%
7654	GENERATOR SERVICE	10,000.00	868.35	9,131.65	9%

7655	HAZARDOUS MATERIALS DISPOSAL	2,000.00	-	2,000.00	0%
7656	PLANT EQUIPMENT RENTAL	5,000.00	-	5,000.00	0%
7657	PLANT MAINTENANCE MATERIALS	90,000.00	10,982.43	79,017.57	12%
7658	PLANT MAINTENANCE PROJECTS	5,000.00	-	5,000.00	0%
7659	PLANT SAFETY EXPENSES	-	400.33	(400.33)	100%
7661	POLYMER	10,000.00	-	10,000.00	0%
7662	SMALL TOOLS/EQUIP	4,000.00	-	4,000.00	0%
7670	SPECIAL PROJECTS	120,000.00	980.00	119,020.00	1%
7671	ASSET MANAGEMENT	97,000.00	4,560.00	92,440.00	5%
7675	COVID-19 EXPENSES	-	536.34	(536.34)	100%
7681	2023 WINTER STORM	-	817.25	(817.25)	100%
7700	LAB CONSUMABLES-SMALL EQUIPMENT	32,000.00	12,300.41	19,699.59	38%
7702	LAB EQUIPMENT MAINTENANCE	10,000.00	1,398.83	8,601.17	14%
7703	CONTRACT LAB ANALYSES	10,000.00	1,740.05	8,259.95	17%
7722	BOARD TRAINING/CONF REGISTRATION	2,500.00	675.00	1,825.00	27%
7723	BOARD MEETINGS/TRAVEL EXPENSES	1,000.00	613.25	386.75	61%
7724	STAFF TRAINING/CONF REGISTRN	15,000.00	432.92	14,567.08	3%
7725	STAFF TRAVEL EXPENSES	15,000.00	5,629.78	9,370.22	38%
7726	STAFF CERTIFICATIONS/LICENSES	8,000.00	993.00	7,007.00	12%
7727	OSHA REQUIRED TRAINING	5,000.00	-	5,000.00	0%
7728	SAFETY BOOT ALLOWANCE	4,500.00	816.38	3,683.62	18%
7729	APPAREL AND UNIFORMS	2,500.00	-	2,500.00	0%
7731	LOCAL MEETING EXPENSES	2,500.00	22.00	2,478.00	1%
7740	FUEL AND OIL	25,000.00	4,447.68	20,552.32	18%
7761	WATER	10,000.00	1,473.93	8,526.07	15%
7762	NATURAL GAS	5,500.00	-	5,500.00	0%
7763	ELECTRICITY	215,000.00	42,179.31	172,820.69	20%
7766	TRASH / RECYCLING	17,000.00	2,008.39	14,991.61	12%
7767	TELEPHONE - LOCAL/LD	18,000.00	3,348.31	14,651.69	19%
7768	TELEPHONE CELLULAR	12,000.00	3,166.98	8,833.02	26%
	TOTAL SERVICES AND SUPPLIES	\$ 2,180,700.00	\$ 446,293.08	\$ 1,734,406.92	20%
	TOTAL OPERATING EXPENDITURES	\$ 5,470,600.00	\$ 1,272,049.39	\$ 4,198,550.61	23%

Fiscal Year 2023-24 Capital Improvement Program (CIP)

Adopted by the Board on June 22, 2023

Collections:

Project No.	Description	Estimated Project Cost	2023-24 Approved Budget	Project Expenditures Through 9/30/2023
C001	Collection System Condition Assessment & Prioritization Plan	\$ 40,000	\$ 50,000	
C002	Highway 101 Sewer Main Protect-In-Place	\$ 1,700,000	\$ 1,700,000	\$ 66,764
C003	Large Diameter Sewer Main Rehabilitation - Design	\$ 75,000	\$ 75,000	\$ 3,420
C005	Manhole rehab project (Lining)	\$ 100,000	\$ 100,000	
C009	Emergency Bypass Pumper	\$ 80,000	\$ 80,000	
C010	FEMA Rehabilitation - Design/Permitting	\$ 125,000	\$ 125,000	\$ 13,595
C010	FEMA Rehabilitation - Construction	\$ 950,000	\$ 950,000	\$ 12,304
CMAN	Manhole Adjustments	\$ 60,000	\$ 60,000	
CEME	Collection O/M Emergencies	\$ 50,000	\$ 50,000	\$ 1,512
CEQU	Equipment Replacement	Various	\$ 830,000	
Collections Subtotal			\$ 4,020,000	\$ 97,594

Lift Stations:

Project No.	Description	Estimated Project Cost	2023-24 Approved Budget	Project Expenditures Through 9/30/2023
L001	Lift Station Condition Assessment & Prioritization Plan	\$ 50,000	\$ 50,000	
L002	Channel Lift Station Improvement	\$ 840,000	\$ 420,000	
LEME	Lift Station Emergency Repairs	\$ 36,518	\$ 30,000	\$ 6,518
Lift Stations Subtotal			\$ 500,000	\$ 6,518

Treatment & Laboratory:

Project No.	Description	Estimated Project Cost	2023-24 Approved Budget	Project Expenditures Through 9/30/2023
T001	Electrical Rehabilitation & Aeration Blower Replacement Proj	\$ 200,000	\$ 200,000	
T001	Electrical Rehabilitation & Aeration Blower Replacement Proj	\$ 2,000,000	\$ 2,000,000	
T002	Skimmer Troughs Installation	\$ 70,000	\$ 70,000	\$ 78,417
T003	SCADA System Improvements	\$ 50,000	\$ 50,000	
T005	IPS Channel Improvements - Design	\$ 40,000	\$ 40,000	
T011	Bar Screen Design	\$ 75,000	\$ 75,000	
T012	Clarifier Maintenance	\$ 220,000	\$ 220,000	
T013	Bisulfate Tank Replacement	\$ 75,000	\$ 75,000	
TEME	Treatment O/M Emergencies	\$ 100,000	\$ 100,000	\$ 26,089
Treatment Subtotal		\$	2,830,000	\$ 104,507

Facilities:

Project No.	Description	Estimated Project Cost	2023-24 Approved Budget	Project Expenditures Through 9/30/2023
F001	Maintenance Building Restroom Alterations - Design	\$ 15,000	\$ 15,000	
F006	Admin/Operations Roof Replacement	\$ 50,000	\$ 60,000	
Facilities Subtotal		\$	75,000	\$ -

Sewer Main Extensions:

Project No.	Description	Estimated Project Cost	2023-24 Approved Budget	Project Expenditures Through 9/30/2023
S001	Septic to Sewer Strategic Pla	\$ 70,000	\$ 70,000	
Sewer Main Extensions Subtotal			\$ 70,000	\$ -

Program	2023-24 Approved Budget	Project Expenditures Through 9/30/2023
Collections	\$ 4,020,000	\$ 97,594
Lift Stations	\$ 500,000	\$ 6,518
Treatment & Lab Facilities	\$ 2,830,000	\$ 104,507
Sewer Main Extensions	\$ 75,000	\$ -
Sewer Main Extensions	\$ 70,000	\$ -
Total	\$ 7,495,000	\$ 208,619



Montecito Sanitary District

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A Public Service Agency

Phone: (805) 969-4200
www.montsan.org

QUARTERLY CERTIFICATION STATEMENTS FOR THE MONTECITO SANITARY DISTRICT

in accordance with
RESOLUTION NO. 2013-883, MSD INVESTMENT POLICY

For the Quarter Ended

September 30, 2023

As Treasurer of the Montecito Sanitary District, I, **Edwin Martin** certify that:

- (1) All investment actions executed since the last report have been made in full compliance with the Montecito Sanitary District Investment Policy;
- (2) A complete and timely record of all investment transactions is maintained in the District office from reports supplied by LAIF and the S. B. County Treasurer's office; and
- (3) The Montecito Sanitary District is able to meet its pool's expenditure requirements for the next six months.

Dated: _____

Board Treasurer
MONTECITO SANITARY DISTRICT



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MONTECITO SANITARY DISTRICT STAFF REPORT – 5A

DATE: February 22, 2024
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: Enhanced Recycled Water Feasibility Analysis

RECOMMENDATION

It is recommended that the Board:

- i) Receive a presentation from Carollo Engineers on the Enhanced Recycled Water Feasibility Analysis.

ANALYSIS

None.

FISCAL IMPACT

None.

DISCUSSION

On August 5, 2022, the District’s Board of Directors authorized a contract with Carollo Engineers to prepare an Enhanced Recycled Water Feasibility Analysis (Study). The Study, prepared in collaboration and jointly funded with Montecito Water District (MWD), builds upon MWD’s 2018 Recycled Water Feasibility Study and focuses on potential potable reuse projects. This Study also includes a thorough analysis of the Montecito Sanitary District (MSD) treatment facilities, the wastewater quality and treatment processes required for a potable reuse project. The Study provides project costs estimates, performed a pairwise comparison for ranking each project, and recommended next steps should the interested participants choose to move forward with a project.

The purpose of this presentation is to serve as a review for the MSD Board and to provide a baseline of knowledge as the MSD Staff prepares recommendations to proceed with MSD wastewater plant upgrades. Thus, this presentation by Carollo Engineers will focus on their study’s Condition Assessment of MSD’s treatment facilities (Technical Memorandum 3) and the Cost for Rehabilitation and 30-Year Operations (Technical Memorandum 5), also referred to as the “Mini-Master Plan.”

Links to the Enhanced Recycled Water Feasibility Analysis report with Technical Memorandum may be found on the MSD website at: <https://www.montsan.org/recycled-water-at-montecito-sanitary-district>



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MONTECITO SANITARY DISTRICT STAFF REPORT – 5B

DATE: February 22, 2024
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: District Standing Committee Roles and Responsibilities

RECOMMENDATION

It is recommended that the Board:

- i) Discuss and consider the various District Standing Committee roles and responsibilities; and
- ii) Take an such additional, related action that may be desirable.

ANALYSIS

None.

FISCAL IMPACT

None.

DISCUSSION

Staff has created a draft set of Standing Committee Roles and Responsibilities and recommends that the Board review, discuss and consider adding these roles and responsibilities to the MSD Board Policies and Procedures Manual.

ATTACHMENTS

- A. Draft MSD Standing Committee Roles and Responsibilities

DRAFT MONTECITO SANITARY DISTRICT STANDING COMMITTEE

Roles and Responsibilities

1. SCOPE OF RESPONSIBILITY

1.1. Standing Committees of the Montecito Sanitary District (the District) are advisory to the Board of Directors. The committees shall gather information, explore alternatives, examine implications, and offer options for review and deliberation by the Board of Directors. Committee members are expected to stay current on the issues under discussion by the Board of Directors.

1.2 Each Standing Committee shall consider only District-related issues approved and assigned to it by the Board of Directors, or issues within the purview of each Committee as defined in "Standing Committee Statements of Purpose and Responsibilities" below.

1.3 Apart from their normal function as part of an advisory resource, committees and the individual members have no fiduciary authority and may not verbally or by action represent the District in any policy, act or expenditure.

1.4 The committee and its members shall maintain collaborative working relationships with the public, other Standing Committees and the CCSD Board of Directors.

1.5 Any Standing Committee, or its members, may meet with staff and/or District consultants but shall not interfere with their operational duties, as determined by the General Manager. Any information requests to staff will be specific in nature and relate to the business of the committee.

1.6 Standing Committee Statements of Purpose and Responsibilities

1.6.1 The Finance Committee shall:

(a) Provide review for transparent budget processes and financial management that promote fiscal stability and instill public trust;

(b) Support and work directly with the CCSD General Manager and District Administrator in enhancing financial integrity and monetary discipline;

(c) Discuss and receive public input during committee meetings and advise the Board of Directors on financial matters;

(d) Provide financial review, assessment, and recommendation to CCSD Board of Directors regarding potential funding sources available to the District from private, public, County, State or federal entities;

(e) Support other standing committees' fiscal review needs.

1.6.2 The Administrative and Operations Committee shall:

- (a) Assess existing resources and gather information regarding administrative, operational, infrastructure needs of the District;
- (b) Support and work directly with the CCSD General Manager, District Administrator and /or Engineering Manager in identifying/defining plans to meet the administrative, operational, and infrastructure needs of the District, working within the bounds of current and potential resources and priorities of the District;
- (c) Provide recommendations to the Board of Directors regarding actions to meet the District's administrative, operational, and infrastructure needs;
- (d) Support other standing committees' resource and infrastructure review needs.

1.6.3 The Strategic Planning Committee shall:

- (a) Assist the Board of Directors in discharging its oversight duties with respect to the development and implementation of the District's strategic plan and the risks associated with such plan;
- (b) Make recommendations to the Board of Directors relating to overall District policy, long-range strategic plans, and urgent District strategic issues;
- (c) Support other standing committees' policy review needs.

1.6.4 The Personnel Committee shall:

- (a) Advise the Board of Directors on matters relating to personnel policies and practices, compensation and benefits, labor relations and collective bargaining, employee relations, staffing and organizational structure;
- (b) Support and work directly with the General Manager and District Administrator to create plans for meeting the needs of the District within the bounds of current and potential resources;
- (c) Recommend annual salary range adjustments and annual salary and wage rate adjustments of District employees;
- (d) Have oversight of all District-approved personnel policies with the District, including sick leave, vacations, paid holidays, and leave of absence;
- (e) Make recommendations for the organizational structure and staffing levels of departments of the District;
- (f) Review General Manager requests for creation, deletion, reallocation, and reclassification of positions;
- (g) Oversee the conduct of all labor negotiations and make recommendations to the Board of Directors;

- (h) Oversee the employee insurance benefit programs, including medical, dental, life, and worker's compensation;
- (i) Recommend changes to and enforce the District's Employee Handbook;
- (j) Other duties as may be assigned by action of the Board of Directors.

1.6.5 The Public Information Committee shall:

- (a) Oversee District strategies and key messaging shape public perception of the District to ensure transparency, accountability, and trustworthiness in its communications;
- (b) Oversee District strategies and protocols for communication work effectively during times of crisis or emergency situations. This includes coordinating with relevant stakeholders, monitoring media coverage, and providing timely updates to the public to address concerns and maintain trust.



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A Public Service Agency

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MONTECITO SANITARY DISTRICT STAFF REPORT – 6

DATE: February 22, 2024
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: General Manager Report

The District continues its mission of providing wastewater collection and treatment services. In addition to the daily operations of the District, the following is an update on some of our current ongoing projects and activities:

GM Meetings

Since my last report, I attended the January 10 and February 14 monthly Sanitary Agencies Managers Association (SAMA) meetings. We (Montecito Sanitary District) will host the next monthly meeting on March 13. I attended the Montecito Association (MA) monthly board meetings on January 16 and February 13, 2024 to provide brief updates on District operations and issues. On January 18, I met with Supervisor Das Williams and representatives of the Music Academy of the West to discuss roadway access issues.

I, along with management staff, attended six hours of ChatGPT training over two consecutive Wednesday on January 31 and February 7 hosted by the California Special District Association (CSDA).

January 2023 Storms Damage Projects Update

Staff is awaiting FEMA's determination of reimbursement eligibility for each project. All project areas were monitored during the latest rain events and each site held up well. Staff has recently decided to move forward with the full design and permitting effort for the four FEMA projects. Design and permitting efforts were on hold while we awaited FEMA eligibility; however, it was determined if we waited much longer, the construction of the projects prior to the wet season of 2024-2025 would be at risk. We received 60% design plans and Staff is reviewing. Additionally, Staff attended the County Historical Landmarks Advisory Commission on February 12, 2024, as one of our projects was flagged near a bridge with historical merit. The commission found the project to have minimal impact and is in support of the District's efforts.

Hwy 101 Sewer Crossing Lining Project

Construction of the project is complete. Administrative efforts will continue in the near future to finalize the contract amounts and begin the reimbursement process with SBCAG. While the District's construction role is complete, the District cannot fully exhale as Granite's bridge work is anticipated to begin in July of 2024. Staff will need to monitor this work to ensure as the new bridge piles will be near the casing.

Hwy 101 Roundabouts Project

Construction of the project is complete. Staff is working with Tierra to finalize contract amounts and seeking to close the project.

Electrical System, SCADA System, and Blowers Improvements Project (Wastewater Treatment Plant Improvements Project)

As discussed in the recent A&O Committee meeting, the District is seeking to utilize an Energy Service Company (ESCO) and a design-build contractor to incorporate other wastewater treatment plant (Plant) improvements in addition to improving the electrical system, SCADA system, and aeration basin blowers. The Plant upgrades would be primarily based on the Carollo Enhanced Recycle Study, specifically Technical Memo No. 5, which is the District's Mini-Master Plan for the Plant. As part of this Plant Improvements Project, Staff is evaluating treatment processes, including the potential to utilize membrane bioreactors (MBR). Staff is currently in discussions with ENGIE North America. ENGIE provided their latest Feasibility Study to Staff on February 9, 2024. Staff will continue investigative efforts to determine the best course of action for improving the Plant while considering what's best for the rate payers as well as the potential for recycled water.

Admin/Ops Building Roof Replacement

The roof work is substantially complete and watertight as no leaks occurred during the latest storm event. The District is seeking some additional work to add another gutter and hope to finalize the project as soon as possible.

Collection System

Robotic Solutions completed 26 internal sewer main spot repairs located throughout the District's collection system.

Maintenance and Lab Buildings

Work recently started again to address the roof on the maintenance building, which suffered damage from a fallen eucalyptus tree. The building was damaged in two separate event from fallen eucalyptus trees. The District recently took action to remove the rest of the eucalyptus trees that posed a threat to the maintenance and lab buildings.

Montecito Water District's Backflow Prevention Program

Staff recently had a meeting with the Montecito Water District to ensure compliance with their Backflow Prevention Program. The wastewater treatment plant as well as the District's lift stations must have proper backflow prevention mechanisms to make sure

water does not contaminate MWD's system. These devices also protect Staff in the event of a backflow surge. Staff is working on next steps and will remain in communication with MWD.

GIS

Staff are working with Z-World to update our GIS and mapping capabilities as well as accurately digitizing our assets. Staff anticipates Z-World assisting in collecting manhole, cleanout, and other information starting in February of 2024. Z-World is also assisting Staff to make maps for upcoming RFPs and bid packages.

Climate Change Adaptation Program

Staff issued an RFP in late January, 2024, for Phase 1 of the District's Climate Change Adaptation Program (CCAP). The CCAP is required for the District National Pollutant Discharge Elimination System (NPDES) permit. Phase one of this program is the Coastal Hazards Mitigation Monitoring Plan. Staff expects a response to the RFPs on March 1, 2024.

Fats, Oils, and Grease (FOG) Program and District Standards

Staff is working to update the District's FOG program with new standards to assist customers with their plan checks. Additionally, Staff is working with MNS Engineers to develop and update existing Standard Drawings.

Residential Projects

Staff continues to have a heavy residential project review load. Staff has recently worked with Aleks (District Legal Counsel) to update Agreement Templates, such as Dedication Agreements and Grant of Easements.

County Financial System Transition

The District Administrator is working with the County to ensure transition to their new accounting system is smooth. The County's projected go-live date was postponed until next fiscal year. Staff has prepared for the transition and has no more to tasks to complete prior to the go-live date.

Grants and Funding Opportunities

Staff has executed a Task Order with MNS Engineers, as part of its on-call contract, to assist the District in grant opportunities. Staff plans to kick-off these efforts as soon as possible.

Contract

No contracts have been entered into by the District since the last General Manager's Report

Human Resources

Robert Keen was promoted to a Grade V Treatment Operator, Noee Ortiz was promoted to a Grade III Collections Operator, and Jose Flores received a step increase during January and February.

Information Technology

Staff negotiated a new copier lease that will cost less than the current machine and will integrate seamlessly with Microsoft 365, the District's recently updated cloud network.

District Investments

With the passing of Resolution 2024-973 at today's Board Meeting staff can initiate the transfer from the Local Agency Investment Fund into the Charles Schaw Brokerage Account. Staff anticipates this transfer to be completed during the week of February 26th.

CIP Progress

Project	Status/Phase	Comments
Admin/Operations Building Roof Replacement	Construction	Construction is substantially complete.
SCADA System Improvements	Implementation	Work is ongoing
Clarifier Maintenance	Pre-Construction	Parts purchased.
Protective Measures of District Facilities (2023 Storm)	Design	All 4 sites being worked on simultaneously. 60% design.
Bisulfite Tank	RFP	
Sewer Manhole Rehabilitation (Lining)	RFP	In Development
2024 Sewer Main CIPP Lining - Design	RFP	In Development
Climate Change Adaption Program - Coastal Hazards Monitoring Plan	RFP	Expecting responded March 1, 2024
Channel Drive Force Main Improvements - Design	RFP	In Development
Electrical, Aeration Basin Blower, and SCADA Systems Improvement	Investigation	Working with ESCO Contractors
Highway 101 Sewer Crossing Lining	Complete	Seeking Notice of Completion
Highway 101 - Roundabouts	Complete	Seeking Notice of Completion
Wastewater Outfall Inspection	Complete	
Treatment O/M Emergencies - Hypo Tank Replacement	Complete	
Posilipo Force Main Relocation and Restoration - Phase 1	Complete	
Skimmer Troughs	Complete	

12-Month Effluent Flow / Rainfall

