



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, June 22, 2023

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AGENDA

For the General Meeting of the Board on:

June 22, 2023

The regular meeting of the Governing Board will begin at **12:00 p.m. on June 22, 2023** in the District's Board Room at 1042 Monte Cristo Lane.

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, see 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):

- i) Finance Committee (Directors Barrett and Martin) to their meetings of June 5, 2023.

4. CLOSED SESSION

A. PUBLIC EMPLOYEE EVALUATION (GOVERNMENT CODE §54957)

Title: General Manager

5. REPORT FROM CLOSED SESSION

6. DISTRICT MERIT AND STEP INCREASES

It is recommended that the Board:

- i) Discuss and consider District merit increases for District Management; and
- ii) Taking such additional, related action that may be desirable.

7. CONSENT CALENDAR

- A. Payables from May 1, 2023 through May 31, 2023
- B. Board Meeting Minutes of the May 3, 2023 Special Meeting
- C. Board Meeting Minutes of the May 17, 2023 Special Meeting
- D. Board Meeting Minutes of the May 26, 2023 Special Meeting
- E. Resolution 2023-969 – Final Draft Collecting SSCs on the Tax Roll
- F. Fiscal Year 2023-24 Budget

8. REGULAR BUSINESS

A. DISCUSSION ON DISTRICT INVESTMENTS

It is recommended that the Board:

- i) Discuss and consider options as it relates to investing of monies in the District's Reserve Funds; and
- ii) Taking such additional, related action that may be desirable.

B. JOINT REPRESENTATION AGREEMENT WITH COLANTUONO, HIGHSMITH & WHATLEY, PC

It is recommended that the Board:

- iii) Discuss and consideration to authorize the General Manager to approve a joint representation agreement with Colantuono, Highsmith & Whatley, PC; and
- iv) Taking such additional, related action that may be desirable.

C. DISCUSSION ON BOARD ROOM DESIGN

It is recommended that the Board:

- v) Discuss and consider scope for a redesign of the District's Board Room; and
- vi) Taking such additional, related action that may be desirable.

D. DISCUSSION ON SOLAR OPTIONS FOR THE DISTRICT

It is recommended that the Board:

- i) Discuss the District's opportunities to utilize solar power to help offset its electricity requirements; and
- ii) Taking such additional, related action that may be desirable.

9. GENERAL MANAGER'S REPORT

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


10. ITEMS FOR FUTURE AGENDAS

The next regularly scheduled Board meeting will be held on July 13, 2023 at 12:00 pm.

11. 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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MONTECITO SANITARY DISTRICT STAFF REPORT – 6

DATE: June 22, 2023
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: District Merit Increases

RECOMMENDATION

It is recommended that the Board discuss and consider merit increases for District Management and take such additional, related action that may be desirable.

ANALYSIS

None.

FISCAL IMPACT

None.

ATTACHMENTS: None



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BOARD LIST OF PAYABLES

<u>CHECK DATE</u>	<u>SUMMARY & TYPE</u>	<u>BATCH TOTAL</u>
05/05/2023	ACCOUNTS PAYABLE	115,336.64
05/19/2023	ACCOUNTS PAYABLE	103,823.42
	Subtotal	\$ 219,160.06
05/05/2023	CAPITAL IMPROVEMENT PROJECTS	87,117.12
05/19/2023	CAPITAL IMPROVEMENT PROJECTS	5,904.05
	Subtotal	\$ 93,021.17
05/14/2023	PAYROLL	83,862.82
05/28/2023	PAYROLL	90,794.51
	Subtotal	\$ 174,657.33
	<u>TOTAL</u>	<u>\$ 486,838.56</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

Activity From: 5/1/2023 to 5/31/2023
MONTECITO SANITARY DISTRICT (MSD)

Bank Code:

Check Number	Check Date	Name	Check Amount	Description
0000028365	5/5/2023	AMERICAN BUILDING AUTOMATION	2,556.10	Troubleshoot Lab HVAC, Replace interface Control Screen
0000028366	5/5/2023	AMAZON CAPITAL SERVICES	78.55	VFD Thermostat, Trash liners, Pens
0000028367	5/5/2023	AT&T MOBILITY	23.24	Office Data Port-May
0000028368	5/5/2023	BALBES, XORIN	2,300.00	Deposit Refund-1355 Danielson Road
0000028369	5/5/2023	BIG GREEN CLEANING COMPANY	2,460.00	Janitorial Services-May
0000028370	5/5/2023	CANON FINANCIAL SERVICES INC	272.61	Canon Copier Lease Payment-June
0000028371	5/5/2023	CED ROYAL INDUSTRIAL SOLUTIONS	2,286.02	Belt Press Feed Pump VFD's
0000028372	5/5/2023	COMPUVISION COMMUNICATIONS	1,434.69	Microsoft Project Plan Subscription, Docking Station for Eng.
0000028373	5/5/2023	CALIFORNIA WATER ENVIRONMENT	619.00	Staff Certification and Membership Renewals
0000028374	5/5/2023	DOCU PRODUCTS	122.94	Copier Maintenance Agreement-June
0000028375	5/5/2023	FISHER SCIENTIFIC	1,405.41	Lab Testing Supplies
0000028376	5/5/2023	GLS COMPANIES	1,500.00	Landscape Services-March/April
0000028377	5/5/2023	GRAINGER	2,887.70	Eyewash Station & Cartridges, Cold Patch, Supplies
0000028378	5/5/2023	HACH COMPANY	4,598.11	Lab Multimeter, LDO Probe and Supplies
0000028379	5/5/2023	HASA	7,023.37	Sodium Hypochlorite
0000028380	5/5/2023	JOY EQUIPMENT PROTECTION, INC	998.02	Service and Replacement of Fire Extinguishers
0000028381	5/5/2023	MARBORG INDUSTRIES	181.99	Portable Restroom & Sink Station-April
0000028382	5/5/2023	MCCORMIX CORP	1,139.70	Vehicle Fuel 04/15-04/30/23
0000028383	5/5/2023	MONTECITO FIRE DISTRICT	4,504.00	Deposit Refund-1255 East Valley Road
0000028384	5/5/2023	MILPAS RENTAL INC	134.46	Mower Rental
0000028385	5/5/2023	MOTION INDUSTRIES, INC	4,829.69	Emergency By-Pass Hoses for Lift Stations
0000028386	5/5/2023	MOUNTAIN SPRING WATER	136.20	Bottled Drinking Water, Cooler Rental-April
0000028387	5/5/2023	MONTECITO WATER DISTRICT	2,039.50	MWD/MSD LAFCO Issues-March/July/December
0000028388	5/5/2023	OILFIELD ENVIRONMENTAL & COMPLIANCE	157.50	Outside Lab Analyses 05/03/23
0000028389	5/5/2023	PITNEY BOWES BANK INC	61.89	Postage Meter-April
0000028390	5/5/2023	PURETEC INDUSTRIAL WATER	285.99	Quarterly Water Softener Tank Rental
0000028391	5/5/2023	RINCON CONSULTANTS, INC	11,841.10	Environmental Permitting Service to Protect-In-Place 2023 Winter Storm
0000028392	5/5/2023	RINGCENTRAL, INC.	703.07	Phone Service-April
0000028393	5/5/2023	ROLLINS, CAROLE	564.40	Airfare Reimbursement for TNI Conference
0000028394	5/5/2023	SAFETY-KLEEN SYSTEMS, INC	230.90	Hazardous Waste Disposal
0000028395	5/5/2023	S B HOME IMPROVEMENT CENTER	107.16	L/S 1 Fence Repair/Paint, Collection Tools
0000028396	5/5/2023	SOUTHERN CALIFORNIA EDISON CO	16,296.40	Electric Service 03/24-04/23/23
0000028397	5/5/2023	STREAMLINE	310.00	Website Hosting Services-May
0000028398	5/5/2023	SUNSET MANAGEMENT SERVICES	1,150.00	Deposit Refund - 1116 Hill Road
0000028399	5/5/2023	BRYCE SWETEK	340.88	Airfare Reimbursement for NASTT Conference
0000028400	5/5/2023	UNIVAR SOLUTIONS	4,552.09	Sodium Bisulfite
0000028401	5/5/2023	UNDERGROUND SERVICE ALERT	143.00	76 Dig Alert Tickets - April
0000028402	5/5/2023	USA BLUE BOOK	463.65	Lift Station #5 Odor Ban/Degreaser
0000028403	5/5/2023	XYLEM WATER SOLUTIONS USA INC	32,313.99	Influent Pump Replacement due damages from the 2023 Winter Storm
0000028404	5/5/2023	ZWORLD GIS	2,283.32	GIS Program Support-May
0000028405	5/19/2023	ACWA/JPIA	27,611.61	Medical/Dental/Life Insurance
0000028406	5/19/2023	AG ENTERPRISES, INC	340.00	Annual Backflow Testing
0000028407	5/19/2023	AT&T MOBILITY	153.14	L/S 4 Wireless for SCADA, Standby Cell
0000028408	5/19/2023	BIG GREEN CLEANING COMPANY	715.14	Janitorial and Kitchen Supplies
0000028409	5/19/2023	CINTAS CORPORATION #684	837.56	Uniforms, Towels, Mats - Cleaning/Rental - April
0000028410	5/19/2023	COASTLINE WELDING & DESIGN	920.00	Welding Repair to Roller Drum
0000028411	5/19/2023	COLANTUONO, HIGHSMTIH & WHATLEY, PC	9,083.92	Legal Services - April
0000028412	5/19/2023	COMPUVISION COMMUNICATIONS	14,535.00	Office 365 GCC Migration, NetaAlert Mgd Svc, IT Servs - June
0000028413	5/19/2023	CORT	44.00	Deed Report - April
0000028414	5/19/2023	COX BUSINESS	160.39	Wireless Internet Services - May
0000028415	5/19/2023	D&H WATER SYSTEMS	2,368.23	Analyzer Parts
0000028416	5/19/2023	ENGEL & GRAY, INC	7,380.30	Biosolids Hauling - April
0000028417	5/19/2023	ENVIRONMENTAL EXPRESS, INC	1,436.67	Filters for Volatiles - Lab Supplies
0000028418	5/19/2023	FAMCON PIPE & SUPPLY, INC	157.47	Manhole Water Plug
0000028419	5/19/2023	FISHER SCIENTIFIC	1,526.68	Lab Testing Supplies, Dilution Bottles
0000028420	5/19/2023	FRONTIER	695.57	Phone Services - May
0000028421	5/19/2023	EDWARD GILDAR (or) BRENDA WILSON	3,392.00	Deposit Refund - 1135 Camino Viejo
0000028422	5/19/2023	GRAINGER	676.98	Maintenatnce Tools, Tubing, Tether Float
0000028423	5/19/2023	HACH COMPANY	985.76	Lab Testing Supplies
0000028424	5/19/2023	HASA	7,380.97	Sodium Hypochlorite
0000028425	5/19/2023	SCOTT HENNINGSEN	3,392.00	Deposit Refund - 2810 Sycamore Canyon
0000028426	5/19/2023	LARRY'S AUTO PARTS	785.89	Fuel filters, elements, additives
0000028427	5/19/2023	MARBORG INDUSTRIES	889.28	Refuse disposal/Recycling/Dumpster Rental - April
0000028428	5/19/2023	MONTECITO BANK & TRUST	405.21	Microsoft Teams, Staff Lunch, Water
0000028429	5/19/2023	MCCORMIX CORP	1,079.53	Vehicle Fuel 05/01-05/14/2023
0000028430	5/19/2023	MONTECITO WATER DISTRICT	158.99	Water Service for Lift Stations - April
0000028431	5/19/2023	PAYCHEX OF NEW YORK, LLC	363.10	Payroll Services - April
0000028432	5/19/2023	PLUMBERS DEPOT, INC	469.42	Swivel for Vac-Con
0000028433	5/19/2023	PURETEC INDUSTRIAL WATER	74.40	Water Softener Sodium Tank Exchange
0000028434	5/19/2023	RINCON CONSULTANTS, INC	3,128.50	Environmental Permitting Srvs for Project-In-Place
0000028435	5/19/2023	LUIS RIZO	183.12	Boot Allowance Reimbursement
0000028436	5/19/2023	SANTA BARBARA NEWS-PRESS	718.75	Publication of Contract Bid, Ordinance 21

0000028437	5/19/2023	SEIU LOCAL 620	758.64	Union Dues 4/30/2023 and 5/18/2023
0000028438	5/19/2023	SOCAL GAS	74.57	Gas Service for Admin/Treatment - April
0000028439	5/19/2023	STAPLES BUSINESS CREDIT	680.98	Office Supplies - April
0000028440	5/19/2023	PATRICK (or) MARY TERRY	2,300.00	Deposit Refund for 1338 East Valley Rd
0000028441	5/19/2023	THIRD WORLD DOG TRUST	2,300.00	Deposit Refund for 857 Picacho Ln
0000028442	5/19/2023	UNIVAR SOLUTIONS	4,318.65	Sodium Bisulfite
0000028443	5/19/2023	MONTECITO WATER DISTRICT	2,039.50	MWD/MSD LAFCO Issues-March/July/December
0000028443	5/19/2023	MONTECITO WATER DISTRICT	2,039.50-	MWD/MSD LAFCO Issues-March/July/December
0000028444	5/19/2023	MONTECITO WATER DISTRICT	1,341.00	MWD/MSD LAFCO Issues-March/July
Bank B Total:			<u>219,160.06</u>	

Check History Report
Sorted By Check Number
Activity From: 5/1/2023 to 5/31/2023
MONTECITO SANITARY DISTRICT (MSD)

Check Number	Check Date	Name	Check Amount	Description
0000001384	5/5/2023	COUNTY SANITATION CO INC	4,682.50	CIP CEME; Pumper Truck for Lift Station 1 Force Main Break
0000001385	5/5/2023	EJ USA, INC	2,376.79	CIP CMAN; Manhole Frame and Cover
0000001386	5/5/2023	FRANK'S UNDERGROUND UTILITIES, INC.	1,200.00	CIP CEME; Pumper Truck for Lift Station 1 Force Main Break
0000001387	5/5/2023	RAIN FOR RENT	10,968.10	CIP CEME; By-Pass Materials for Semi-Permanent Repair to Lift Station 1
0000001388	5/5/2023	S B COUNTY - PUBLIC WORKS	48,539.73	SBCo. Road Encroachment Permits for North & South Jameson Lane Borin. Riven Rock, Romero Canyon, Lilac Drive and Oak Grove Sewer Main Extensions
0000001389	5/5/2023	TIERRA CONTRACTING INC	19,350.00	CIP CMAN; Manhole Raising in Various Locations
0000001390	5/19/2023	FAMCON PIPE & SUPPLY, INC	5,904.05	CIP CEME/PO 4829 - Emergency Repairs
Bank G Total:			<u>93,021.17</u>	



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MINUTES

For the Special Meeting of the Board on:

May 3, 2023

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District (MSD) convened a special meeting of the Board at 10:06 am on Wednesday May 3, 2023. The meeting was also broadcast using Zoom teleconferencing.

ATTENDANCE

Board Members Present:

Directors Hogan, Johnson, Martin, Ohlmann, and President Ellwood Barrett

Board Members Absent:

None

Also Present and Participating:

John Weigold, MSD General Manager
Stephen Williams, MSD District Administrator
Bryce Swetek, MSD Engineering Manager

2. PUBLIC COMMENT

No members of the public were in attendance or addressed the Board.

3. CLOSED SESSION

A. LABOR NEGOTIATIONS (GOVERNMENT CODE § 54957.6)

Name of District Negotiator to Attend Closed Session: John Weigold, General Manager

Name of Employee Organization: Montecito Sanitary District Management Group

4. REPORT FROM CLOSED SESSION

There were no reportable actions from the Closed Session.

5. ITEMS FOR THE NEXT AGENDA

The next Board meeting will be a General Meeting of the Board on May 10, 2023 at 12:00 pm. The following items were added as potential items for a future Board Meeting:

- Discussion of a Salary Study
- Discussion of the Raftelis Study and the next steps on MSD/MWD Consolidation consideration

6. ADJOURNMENT

The meeting adjourned at 2:17 p.m.

These minutes were presented for approval at the General Board Meeting on June 22, 2023.

Ellwood Barrett, President

Minutes taken and prepared by:

Stephen Williams
District Administrator/Clerk of the Board



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MINUTES

For the Regular Meeting of the Board on:

May 17, 2023

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 12:05 pm on Wednesday, May 17, 2023. The meeting was also broadcast using Zoom teleconferencing.

ATTENDANCE

Board Members Present:

Director Hogan, Johnson, Martin, Ohlmann, and President Ellwood Barrett

Board Members Absent:

None

Also Present and Participating:

John Weigold, MSD General Manager

Stephen Williams, MSD Clerk of the Board & District Administrator

Aleks Giragosian, Colantuono, Highsmith & Whatley, PC

Ken Coates, Montecito Water District Vice President

Reportable Action: During the President's Report the Directors discussed the option of returning to two meetings per month. ON MOTION by Director Barrett; Seconded by Director Johnson, the Board voted to change the Regular Board Meetings of every month to the 2nd and 4th Thursday at 12:00 p.m.

AYES: Directors Hogan, Martin, Johnson, Ohlmann, and Barrett

NAYS: None

ABSTAIN: None

ABSENT: None

Reportable Action: During the Agenda Changes/Deletions portion of Agenda Item #1 the following items were moved:

- Item 4C – Discussion of Next Steps on MSD/MWD Draft Consolidation Report was moved to before Item 3 – Consent Calendar.
- Item 7 – Closed Session was moved to right after Item 3 – Consent Calendar
- Item 4A – Discussion on Salary Survey was moved to right after the Report From Closed Session

2. PUBLIC COMMENT

No members of the public addressed the Board.

3. DISCUSSION OF NEXT STEPS ON MSD/MWD DRAFT CONSOLIDATION REPORT

The Board discussed the options for how to move forward reviewing and ascertaining the need to meet with Raftelis regarding the Joint MSD/MWD Consolidation Feasibility Study. After discussion it was determined that the District Administrator would send the current Raftelis Draft Report as well as the PowerPoint presentation that the Montecito Water District heard at its Special Meeting of May 2, 2023 to all of the Board of Directors for review and come back to the May 26, 2023 Board Meeting to discuss next steps.

4. CONSENT CALENDAR

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

- A. Payables from April 1, 2023 through April 30, 2023
- B. Board Meeting Minutes of April 12 and 13, 2023
- C. Board Meeting Minutes of April 28, 2023
- D. District Reserve Policy
- E. Fiscal Year 2022-23 Unaudited Quarterly Financial Reports
- F. Resolution 2023-968 – Setting the Date, Time, and Place for the Annual Sewer Service Charge Hearing

AYES: Directors Hogan, Martin, Johnson, Ohlmann, and Barrett
NAYS: None
ABSTAIN: None
ABSENT: None

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

- A. Board Meeting Minutes of April 5, 2023

AYES: Directors Hogan, Martin, Johnson, Ohlmann, and Barrett
NAYS: None
ABSTAIN: Johnson
ABSENT: None

5. CLOSED SESSION

A. PUBLIC COMMENT

No members of the public addressed the Board prior to going into Closed Session.

B. LABOR NEGOTIATIONS (GOVERNMENT CODE § 54957.6)

Name of District Negotiator to Attend Closed Session: John Weigold, General Manager

Name of Employee Organization: Montecito Sanitary District Management Group

6. REPORT FROM CLOSED SESSION

No reportable action was taken in Closed Session.

7. DISCUSSION ON SALARY SURVEY

The Board discussed the scope and parameters to consider for conducting a salary survey for the District.

ON MOTION by Director Hogan, Second by Director Johnson, the Board of Directors directed the General Manager to begin the process of retaining an independent consultant to perform a salary study.

AYES: Directors Hogan, Johnson, Martin, Ohlmann, and Barrett

NAYS: None

ABSTAIN: None

ABSENT: None

8. EASEMENTS (DISTRICT RIGHT-OF-WAYS)

This item was pushed to the Special Meeting of the Board on May 26, 2023

9. BOARD POLICIES AND PROCEDURES

10. COMMITTEE REPORTS

This item was pushed to the Special Meeting of the Board on May 26, 2023

11. GENERAL MANAGER'S REPORT

No General Manager's report was given. The General Manager welcomed questions from the Board if they had any.

12. ITEMS FOR THE NEXT AGENDA

The next Board meeting will be a General Meeting of the Board on May 15, 2023. Topics the Board brought up as potential Agenda Items are as follows:

- Septic-to-Sewer Strategic Plan discussion
- Update on Repair/Solutions for San Ysidro Creek
- Options for Higher Returns on Reserve Funds

13. ADJOURNMENT

Board Meeting Minutes May 17, 2023

The meeting adjourned at 5:01 pm ON MOTION by Director Hogan, Second by Director Johnson.

These minutes were presented for approval at the General Board Meeting on June 22, 2023.

Ellwood Barrett, President

Minutes taken and prepared by:

Stephen Williams
District Administrator/Clerk of the Board



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MINUTES

For the Special Meeting of the Board on:

May 26, 2023

1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 12:01 pm on Friday, May 26, 2023. The meeting was also broadcast using Zoom teleconferencing.

ATTENDANCE

Board Members Present:

Director Hogan, Johnson, Martin, Ohlmann, and President Ellwood Barrett

Board Members Absent:

None

Also Present and Participating:

John Weigold, MSD General Manager
Stephen Williams, MSD Clerk of the Board & District Administrator
Bryce Swetek, MSD Engineering Manager
Carole Rollins, MSD Laboratory & Pretreatment Manager
Tobe Plough, Montecito Water District President
Ken Coates, Montecito Water District Vice President

Reportable Action: During the Agenda Changes/Deltions portion of Agenda Item #1 Item 4B was moved to the June 8, 2023 Regular Board Meeting.

2. PUBLIC COMMENT

No members of the public addressed the Board.

3. CONSENT CALENDAR

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

A. Fiscal Year 2022-23 Unaudited Quarterly Financial Reports – March 31, 2023

AYES: Directors Hogan, Martin, Johnson, Ohlmann, and Barrett
NAYS: None
ABSTAIN: None
ABSENT: None

4. REGULAR BUSINESS

A. FEDERAL EMERGENCY MANAGEMENT AGENCY COST REIMBURSEMENT UPDATE

The Board received a report from Stephen Williams, District Administrator, and Bryce Swetek, Engineering Manager, related to the current progress on the FEMA Emergency Projects that arose from the Early January Winter Storm.

B. DISCUSSION OF NEXT STEPS ON MSD/MWD DRAFT CONSOLIDATION REPORT

The Board discussed the options for how to move forward reviewing and ascertaining the need to meet with Raftelis regarding the Joint MSD/MWD Consolidation Feasibility Study. After discussion it was determined that the Board would hold a Special Meeting on June 15, 2023 on this topic alone to go over their questions and comments as well as to determine whether to have a presentation from Raftelis at a future meeting.

Public Comment: Ken Coates encouraged the District to move forward Director Hogan's plan to move forward the MSD/MWD Consolidation Feasibility Study. He detailed that there has been an enormous amount of effort going back and forth and that it is time to start making a decision and move forward.

C. BOARD POLICIES AND PROCEDURES

The Board discussed the current Board Policies and Procedures as it relates to the process in which members can contact legal counsel. After discussion no changes were made to the existing policy.

ON MOTION by Director Barrett; Second by Director Hogan, the Board voted to update the verbiage in the Board Policies and Procedures that references specific Director Compensation to the current Ordinance that dictates those amounts.

AYES: Directors Hogan, Martin, Johnson, Ohlmann, and Barrett
NAYS: None
ABSTAIN: None
ABSENT: None

AYES: Directors Hogan, Martin, Johnson, Ohlmann, and Barrett
NAYS: None
ABSTAIN: None
ABSENT: None

D. EASEMENTS (DISTRICT RIGHT-OF-WAYS)

The Board discussed at length with District Staff and Legal Counsel regarding the attached updated Amendment to Ordinance 10 and the Draft Ordinance to Establish Policies and Standards for District Easements and Regulating Eastement Encroachments. Several suggestions were made, mostly to what types of structures were listed in the appropriate sections of the Policies and Standards. Legal Counsel

was instructed to make the updates and bring back the Ordinances to a future Board Meeting.

5. CLOSED SESSION

A. PUBLIC COMMENT

No members of the public addressed the Board prior to going into Closed Session.

B. LABOR NEGOTIATIONS (GOVERNMENT CODE § 54957.6)

Name of District Negotiator to Attend Closed Session: John Weigold, General Manager

Name of Employee Organization: Montecito Sanitary District Management Group

6. REPORT FROM CLOSED SESSION

No reportable action was taken in Closed Session.

NOTE: Director Hogan had to leave the meeting at 5:21 p.m.

7. LABOR NEGOTIATIONS (GOVERNMENT CODE § 54957.6)

ON MOTION by Director Barrett, Second by Director Ohlmann, the Board of Directors voted to approve the updated labor agreement with the Montecito Sanitary District Management Group.

AYES: Directors Johnson, Martin, Ohlmann, and Barrett
NAYS: None
ABSTAIN: None
ABSENT: Hogan

8. COMMITTEE REPORTS

Director Barrett gave a brief report on the Finance Committee meetings of April 10, 2023 and April 25, 2023, detailing that those meetings went over the Unaudited Quarterly Financial Reports that the Board had approved at the last meeting and this current meeting.

9. ITEMS FOR THE NEXT AGENDA

The next Board meeting will be a General Meeting of the Board on June 8, 2023. Topics the Board brought up as potential Agenda Items are as follows:

- Septic-to-Sewer Strategic Plan discussion
- Lilac-Oak-Grove Agreement Update

10. ADJOURNMENT

The meeting adjourned at 5:37 pm ON MOTION by Director Jonson, Second by Director Barrett.

These minutes were presented for approval at the General Board Meeting on June 22, 2023.

Ellwood Barrett, President

Minutes taken and prepared by:

Stephen Williams
District Administrator/Clerk of the Board

RESOLUTION NO. 2023-969

**RESOLUTION OF THE GOVERNING BOARD
OF THE MONTECITO SANITARY DISTRICT
ORDERING THE FILING WITH THE COUNTY AUDITOR
OF A REPORT OF SEWER SERVICE CHARGES
FOR FISCAL YEAR 2022-23
TO BE PLACED ON AND COLLECTED
BY MEANS OF THE COUNTY TAX ROLL**

WHEREAS the Governing Board by its Ordinance No. 6 dated July 2, 1990 elected to collect certain of its sanitary sewer service charges by means of the County Tax Roll; and

WHEREAS pursuant to section 5473 of the Health and Safety Code, the Governing Board of the District has in previous years caused to be filed annual reports with the Auditor of the County of Santa Barbara (the "previous reports"), which describe each parcel of real property then receiving services or facilities furnished by the District and, for each such parcel, the charge for said services or facilities; and

WHEREAS pursuant to section 5473 of the Health and Safety Code, the Governing Board of the District has this year prepared a revised report which, with the previous reports, describes each parcel of real property receiving services or facilities furnished by the District and, for each such parcel, the charge for Fiscal Year 2022-23 computed in conformity with the charges with Resolution No. 2016-897 dated May 9, 2016; and

WHEREAS the previous reports are hereby incorporated by reference and the previous reports and the revised report are hereinafter referenced collectively as the "report;" and

WHEREAS pursuant to section 5473.1 of the Health and Safety Code and Resolution No. 2023-968 dated May 10, 2023, a hearing on the report was set for 12:00 o'clock p.m. on the 22nd day of June 2023; and

WHEREAS notice of said hearing was given by publication and mailing as required by section 5473.1 and proof of publication are on file with the District; and

WHEREAS at said time and place said hearing was held; and

WHEREAS at said hearing the Governing Board of the MONTECITO SANITARY DISTRICT heard and considered all objections or protests to said report;

NOW, THEREFORE, BE IT RESOLVED:

1. That all of the recitals contained in the preamble to this Resolution are true;
2. That this Governing Board finds that the protests, if any, are not made by the owners of a majority of the separate parcels described in the report on file with the District;
3. The report shall be and it is hereby adopted and it is determined that each charge as set forth in said report is proper;

4. That the Secretary of this Governing Board and of the District shall, on or before the 28th day of July, 2023, file or cause to be filed with the Auditor of the County of Santa Barbara a copy of said report, together with a statement endorsed thereon that said report has been adopted by the Governing Board of the MONTECITO SANITARY DISTRICT;
5. That pursuant to section 5473.4 of the Health and Safety Code, the Auditor of the County of Santa Barbara, State of California, shall enter the amounts of the charges against the respective lots or parcels of land as they appear on the current assessment roll;
6. That the amount of the charges shall constitute a lien against the lot or parcel of land against which the charge has been imposed as of noon the first day immediately preceding date of levy; and
7. That the hearing is hereby concluded.

PASSED AND ADOPTED by the Governing Board of the MONTECITO SANITARY DISTRICT on the 22nd day of June, 2023 by the following vote:

AYES: Barrett, Hogan, Johnson, Martin, and Ohlmann

NAYS:

ABSTAIN:

ABSENT:

(Seal)



Elwood Barrett, President of the Governing Board of the
MONTECITO SANITARY DISTRICT

ATTEST:

Stephen Williams, Clerk to the Governing Board of the
MONTECITO SANITARY DISTRICT



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

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

FISCAL YEAR 2023-24 PROPOSED BUDGET MEMO

MISSION STATEMENT

“To protect the public health and safety and to preserve the natural environment through the collection, treatment, and disposal of wastewater in the most cost-effective way possible.”

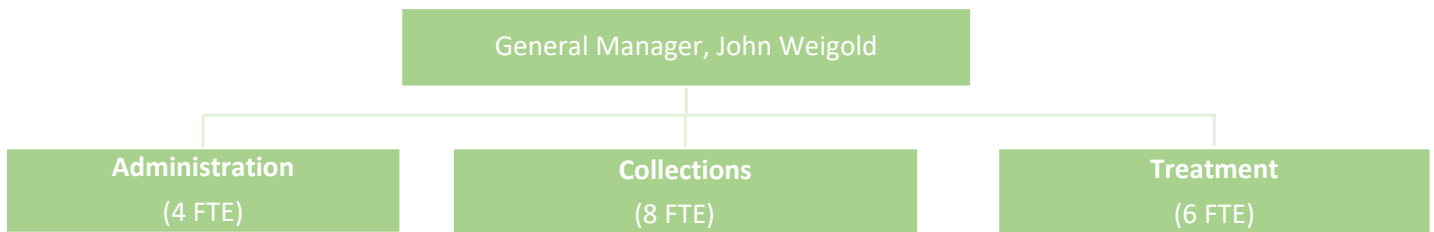
PURPOSE

The District was organized in 1947 pursuant to the Sanitary District Act of 1923 (Division 6 of the California Health and Safety Code) to provide for the collection, treatment and disposal of wastewater to residents within its service area. The District has a service area of approximately 8.9 square miles and an estimated population of approximately 9,000 people. The District currently serves 3,185 properties.

The wastewater collection system includes approximately 77 miles of gravity sewer mains, five lift stations and 2.2 miles of sewer forcemains. The collection system's underground network of pipes range in size from 6-inch to 21-inch in diameter. The majority of the facilities were installed between 1961 and 1969.

Wastewater is conveyed to the District's Wastewater Treatment Plant for treatment. The Treatment Plant, which has a capacity to treat an average of 1.5 million gallons per day, provides full secondary treatment that includes conventional activated sludge tanks, secondary clarification, and disinfection. In 2021, the wastewater treatment reliably treated approximately 539,000 gallons per day and discharged the effluent through the 1,500 foot long ocean outfall.

ORGANIZATION



BUDGET STRUCTURE

Montecito Sanitary District utilizes an Enterprise Fund accounting method, appropriate for the type of utility service business that the District operates. The budget is a non-appropriated budget which supports funding the District's critical operations and capital improvement program. The flexible budget varies according to system demands and level of activity within the District on a year to year basis.

**DISTRICT RECOMMENDED OPERATIONS AND MAINTENANCE
 BUDGET SUMMARY**

Source of Funds		Use of Funds	
Operating Revenues	\$ 6,850,000	Salaries and Benefits	\$ 3,289,900
Non-Operating Revenues	\$ 900,000	Operating Expenses	\$ 2,180,700
Total Source of Funds	\$ 7,750,000	Total Use of Funds	\$ 5,470,600

OPERATION & MAINTENANCE REVENUES

The District has four main types of revenues, three of which are Operating and the other Non-Operating. A description of these revenues are as follows:

Operating Revenues:

- **Sewer Service Charges:** The District’s primary source of revenues comes from Sewer Service Charges. The County of Santa Barbara collects these funds from the District’s customers on their annual property tax statements, and the District receives the total amount of Sewer Service Charges revenue reported to the County each year. Sewer Service Charges constitute approximately 91% of total District revenues and 97% of its total operating revenue. This revenue source is relatively stable as any increases would come in the form of an increase to the number of connections or a rate increase. No rate increase is proposed for the upcoming Fiscal Year and amounts are allocated to the District twice during the fiscal year, typically in November and April.
- **Connection Fees:** Connection Fees are established to reimburse existing customers for their investment in the wastewater collection and treatment capacity. As new customers connect to the District facilities, their connection fees contribute to future capacity upgrades. The District’s current connection fee is \$8,400 per equivalent residential unit (per Resl No. 2022-944).
- **Other Services:** The District also receives revenue in the form of miscellaneous fees for services such as plan check, processing agreements, engineering review and inspections. Total fees received for Fiscal Year 2023-2024 are projected to be around \$75,000.

Non-Operating Revenues:

- **Property Tax:** The District’s second highest form of revenue comes from one-half of the 1% of total property tax revenue that is collected by the County of Santa Barbara for parcels within its service area, whether or not they are a customer of the District. This revenue source is also relatively flat as it increases/decreases with the total assessed value of properties within District boundaries. Amounts are allocated to the District twice during the fiscal year along with the Sewer Service Charges, typically in November and April.

Montecito Sanitary District
 Fiscal Year 2023-2024 Proposed Budget Memo

	2022-23 Approved Budget	2022-23 Projected Actuals Budget	Difference	2023-24 Proposed Budget
Operating Revenues				
Service Charges	\$ 6,600,000	\$ 6,569,609	\$ (30,391)	\$ 6,650,000
Connection Fees	100,000	188,612	88,612	125,000
Other Services	75,000	41,554	(33,446)	75,000
Total Operating Revenues	\$ 6,775,000	\$ 6,799,775	\$ 24,775	\$ 6,850,000
Nonoperating Revenues				
Property Taxes	\$ 665,000	\$ 715,000	\$ 50,000	\$ 725,000
Interest Income	\$ -	\$ 226,134	\$ 226,134	\$ 175,000
Total Nonoperating Revenues	\$ 665,000	\$ 941,134	\$ 276,134	\$ 900,000
Total Revenues	\$ 7,440,000	\$ 7,740,909	\$ 300,909	\$ 7,750,000

REVENUE PROJECTIONS

Overall, Staff is projecting an increase in total budget revenues of approximately \$290,000 in Fiscal Year 2023-24 when compared to Fiscal Year 2022-23 primarily attributed to the following:

- \$175,000 increase in interest income as interest hasn't been budgeted in prior fiscal years.
- \$50,000 increase in Sewer Service Charges due to new connections established.
- \$60,000 increase in Property Tax Revenue to align with current County of Santa Barbara estimates.
- \$25,000 increase in Connection Fees based on anticipated connection projects in the coming year.

OPERATION & MAINTENANCE EXPENDITURES

The Districts' Operations & Maintenance expenditures account for all the routine business expenses related to operating the treatment plant, including: Salaries and Benefits, Insurances, Maintenance and Repairs, Good and Supplies, Professional Services provided by external parties, Administrative Fees, Plant and Lab Operating Costs, Safety, Training, and Travel Costs, and Utilities.

EXPENDITURE PROJECTIONS

The District's Operations & Maintenance costs, along with the District's Capital Improvement Program, make up the vast majority of the District's overall expenditures for the Fiscal Year. The following sections includes a discussion of Fiscal Year 2022-2023 year-end projections and Fiscal Year 2023-2024 anticipated expenditures.

Montecito Sanitary District
 Fiscal Year 2023-2024 Proposed Budget Memo

	2022-23 Approved Budget	2022-23 Projected Actuals	Difference	2023-24 Proposed Budget	2022-23 Variance
Operating Expenditures					
Salaries and Benefits	\$ 3,143,763	\$ 2,881,078	\$ 262,685	\$ 3,289,900	\$ 146,137
Insurance	86,000	112,371	(26,371)	119,200	33,200
Maintenance & Repairs	180,000	149,352	30,648	185,000	5,000
Goods & Supplies	148,500	105,638	42,862	138,500	(10,000)
Professional Services	360,000	215,103	144,897	352,000	(8,000)
Administrative Costs	385,000	241,371	143,629	400,000	15,000
Plant & Lab Operating Costs	538,000	566,902	(28,902)	635,000	97,000
Safety, Training, & Travel	53,500	31,291	22,209	48,500	(5,000)
Utilities	266,000	264,129	1,871	302,500	36,500
Total Operating Expenditures	\$ 5,160,763	\$ 4,567,234	\$ 593,529	\$ 5,470,600	\$ 309,837

Current Fiscal Year 2022-23

District staff is projecting the Fiscal Year End Operating and Maintenance Fund expenditures to be approximately **\$4,567,234**, or **88.4%** of the budgeted amount. A brief description of those variances are as follows:

Next Fiscal Year 2023-2024

Operating Expenditures: For Fiscal Year 2023-24, District staff is proposing an Operating Budget to cover anticipated expenditures of total operating expenditures of **\$5,460,600**, an increase of **5.7%**. A summary of the proposed operating budget and high-level discussion are as follows:

Salaries and Benefits Summary

- **6100** - \$181,000 increase in regular salaries as a result of two fiscal years of COLAs being implemented during Fiscal Year 2022-23. A current vacant position is also budgeted to be fully staffed for the fiscal year.
- **6600** - \$25,000 decrease in Group Medical Insurance to align projected medical premiums
- **6400** - \$20,000 decrease in CalPERS contributions as a result of Classic CalPERS members leaving the District and new PEPRAs employees being hired in their place.
- **6105** - \$7,800 decrease in Board salaries based on a current Director’s election to not receive payment for meetings
- **6605** - \$5,000 decrease in Retirement Medical Benefits to align projected medical premiums

Net Result: These are the main factors that comprise the increase of approximately **\$146,000** in Salaries and Benefits when compared to Fiscal Year 2022-23.

Note: Current labor agreements with the District’s Management Group along with Service Employees International Union (SEIU) 620 have been factored into this budget. Per those agreements all staff will receive a 5% Cost-of-Living Adjustment the first full pay period of July with the exception of select Management employees.

Operating Expenditures Summary

- **7653** – Chemicals for Plant - \$80,000 increase to Chemicals for Plant based on estimated usage in conjunction with recently negotiated price terms
- **7500** - \$65,000 decrease to Public Outreach budget based on current Board feedback
- **7671** - \$50,00 to implement a Computerized Maintenance Management System (CMMS)
- **7670** - \$50,000 to conduct a rate study to align rates with District needs by Fiscal Year 2024-25
- **7645** - \$50,000 to perform a Coastal Hazards Monitoring Plan pursuant to new requirements of the District’s NPDES permit
- **7463** - \$50,000 increase in Professional Engineering Services to assist with Engineering projects planned in Fiscal Year 2023-24
- **7763** - \$40,000 increase in electricity costs based on estimated usage and current rates
- **7670** - \$35,000 increase for an SSMP Audit and Updates
- **7675** - \$35,000 decrease in COVID-19 expenditures
- **7461** - \$30,00 increase in anticipated General Counsel legal fees
- **7467** - \$25,000 decrease in Special Legal Counsel fees due to the completion of labor negotiations
- **7670** - \$20,000 included to implement a Document Management System
- **7670** - \$15,000 included to conduct a Salary Study
- **7657** - \$15,000 increase in Plant Maintenance Materials based on price increases seen during Fiscal Year 2022-23 along with known materials needed in the new fiscal year that were not needed in 2022-23

Net Result: These are the main factors that comprise the increase of approximately **\$153,700** in Operating Expenditures when compared to Fiscal Year 2022-23.

The full, detailed chart of the Operations and Maintenance Budget is provided in **Attachment A – FY2023-24 Operating Budget - Proposed**. Below are some of the notable line items with some background on why they are being included in next years budget:

- **7461 – Professional Services – Legal** – This line item will now only budget and track costs for the District’s General Legal Counsel (Colantuonno Highsmith & Whatley). Staff recommends increasing this line item in Fiscal Year 2023-24 to allow for similar resources to be utilized as Fiscal Year 2022-23.
- **7466 – Professional Services – Human Resources** – This line budgets for and tracks costs for Human Resources legal support by Price, Postel and Parma for Human Resource Special under a retainer agreement. Staff recommends keeping budget consistent with prior years as no pending human resources matters need to be addressed in the near term.
- **7467 – Professional Services – Special Legal Counsel** – This line item is specifically for Special Legal Counsel as it relates to services provided by Colantuonno, Highsmith, & Whatley for the Special District Consolidation Feasibility study with Montecito Water District. This project will continue in Fiscal Year 2023-24 and currently have a not-to-exceed contract with Holly Whatley of \$25,000.
- **7430 – Memberships** – In preparation for the budget, District Staff have reviewed all professional memberships and their dues that constitute the budgeted amount for Fiscal Year 2023-24. Some of the organizations the District is a member of result in discounts for technical trainings, conferences or certification testing, while others support the District by lobbying and representing the Districts’ interest in state legislation.

- **7645 – NPDES Permit Requirements – Operations** – The District received its updated National Pollution Discharge Elimination System (NPDES) permit in Fiscal Year 2022-23. Included with that new permit are updated requirements for the District to complete, including a Coastal Hazards Monitoring Plan that is estimated to cost around \$50,000 and will be due in May of 2024.
- **7670 – Special Projects** – The Special Projects line includes some of the infrequent studies such as the ongoing Rate Study (typically every 6 years) and the Districts’ Sewer System Management Plan Audit (once every two years by regulation). Also included is the implementation of a document management system to help chronicle historical District documents into an easily accessible and identifiable network as well as a Salary and Compensation Study.
- **7671 – Asset Management** – This line item includes services to upgrade and consolidate the District’s Geographic Information Systems and begin implementation a Computerized Maintenance Management System (CMMS) for the collection and treatment operations. The District has historically used a combination of in-house software systems and paper work orders to track work completed and plan out future work. Implementing a CMMS for the District’s asset management program should increase efficiency by upgrading workflows, support record retention, and facilitate succession planning.

CAPITAL IMPROVEMENT PROGRAM EXPENDITURES

Current Fiscal Year 2022-23

The District is projected to spend approximately \$2,362,187 of Capital Replacement (CIP) funds by June 30, 2023, well under the budgeted amount of \$4,980,500. The District’s CIP Collection System Projects in Fiscal Year 2022-23 included the completion of the Lilac/Oak Grove Sewer Main Extension Project, the beginning of costs associated with the Highway 101 Sewer Main Relocation project, various manhole adjustments, disinfection pumps replacements, and Recycled Water Feasibility Study costs. Some of the projects are in the beginning stages of their timeline and will continue into the next fiscal year.

Next Fiscal Year 2023-24

The District is proposing an extensive CIP schedule for Fiscal Year 2023-24 that focuses the attention back to the infrastructure of the District. In prior fiscal years District resources have been diverted mainly to the CalTRANS Highway 101 widening project and the Lilac/Oak Grove Sewermain Extension project, leaving previously identified District CIP Projects to be pushed off to later dates. Some of the projects outlined for the next fiscal year have been identified in this year’s mini master plan as critical infrastructure needs while others have come about as a result of damage incurred during the January Winter Storm.

The following summary table is a high-level breakdown of the proposed capital expenditures for the upcoming Fiscal Year. It is important to note that the figures in the summary table include both soft costs (planning, design, and construction management), as well as construction, equipment purchases and some contingency to account for minor changes in scope or purchasing factors such as inflation. It is also important to note that these projects include any outsourcing of engineering services needed to ensure these projects move forward.

Montecito Sanitary District
 Fiscal Year 2023-2024 Proposed Budget Memo

Program	2023/2024
Collections	\$ 4,020,000
Lift Stations	\$ 500,000
Treatment & Laboratory	\$ 2,830,000
Facilities	\$ 75,000
Sewer Main Extensions	\$ 70,000
Total	\$ 7,495,000

A brief description of each project included in the six CIP programs is provided below. A full breakdown of the proposed CIP Budget can be seen in **Attachment B – FY2022-23 CIP Budget – Proposed**.

Collections Program

- Collection System Condition Assessment & Prioritization Plan – Develop a comprehensive gameplan to efficiently prioritize and address collection system maintenance items.
- Highway 101 Sewer Main Protect-In-Place – Continue work related to CalTRANS widening of Highway 101 by protecting-in-place District infrastructure in the construction zone.
- Large Diameter Sewer Main Rehabilitation – Design – Complete design work on rehabbing the District’s main input sewer main to the Treatment plant.
- Manhole Rehab Project (Lining) – Complete lining work on approximately 22 prioritized manholes that require repair work.
- Emergency Bypass Pumper – Obtain an Emergency Bypass Pumper for use in emergency situations.
- FEMA Rehabilitation – The Board has been given reports on four project areas requiring rehab work after the January Winter Storm. The District is eligible for FEMA Reimbursement for these projects and staff has been working diligently with FEMA to ensure eligibility.
- Manhole Adjustments – Annual raising and lower of manholes on an as needed basis.
- Collection O/M Emergencies – Miscellaneous budget set aside for Collections System emergency events. Ideally this money would not be utilized in the fiscal year.
- Equipment Replacement – Staff is looking to replace its VacCon truck as well as a District Utility Truck.

Lift Station Program

- Lift Station Condition Assessment & Prioritization Plan - Develop a comprehensive gameplan to efficiently prioritize and address lift station maintenance items.
- Channel Lift Station Improvement – Address needed improvement to the Channel Lift Station that recently failed in Fiscal Year 2022-23. This budget is for only the lift station component of the project.
- Lift Station Emergency Repairs - Miscellaneous budget set aside for lift station emergency events. Ideally this money would not be utilized in the fiscal year.

Treatment & Laboratory Program

- Electrical Rehabilitation and Aeration Blower Replacement - This is a carryover from the prior Fiscal Year. Due to the complexity of the project and potential available funding sources, District staff anticipates requesting proposals from qualified firms to complete the design as it currently is scoped. Ideally, the construction work would be initiated in the latter half of Fiscal Year 2023-24 and a portion of the budgeted amount would be spent this fiscal year.
- Skimmer Troughs Installation – Installation of the replacement skimmer troughs each of the four clarifiers by contractors.

Montecito Sanitary District
Fiscal Year 2023-2024 Proposed Budget Memo

- SCADA System Improvements - The District will be working in Fiscal Year 2023-24 to improve its SCADA system along with the electrical rehab project. This serves as a “backbone” Supervisory Control and Data Acquisition (SCADA) system for critical and basic treatment processes. Staff is proposing to budget some money in the next two Fiscal Years to map out the existing system, develop the plan and then implement additional functionality when new equipment is installed. The first projects that will be critical to incorporate the SCADA upgrades in are the Electrical Rehabilitation and Aeration Blower Replacement Project.
- IPS Channel Improvements – Staff is proposing to complete design work related to IPS Channel Improvements with construction beginning in the next fiscal year.
- Bar Screen Design – Staff is proposing to do design work to install a bar screen to help mitigate future damage to equipment/infrastructure. Construction would begin in the next fiscal year.
- Clarifier Maintenance – Staff is proposing to perform maintenance work on its four clarifiers.
- Bisulfate Tank Replacement - The District’s bisulfate tank is past its useful life and should be replaced prior to potential hazardous leaks occurring.
- Treatment O/M Emergencies - Miscellaneous budget set aside for Treatment System emergency events. Ideally this money would not be utilized in the fiscal year.

Facilities Maintenance Program

- Maintenance Building Restroom Alterations – Staff is proposing to do design work for alterations to the Maintenance Building Restroom, with the thought of providing the ability to have overnight accommodations for staff in the event of an emergency.
- Admin/Operations Roof Replacement - The roof for the Admin/Operations Building is a carryover from the prior Fiscal Year. The roof requires different repair method and will be completed in Fiscal Year 2023-24.

Sewer Main Extension Program

- Septic-to-Sewer Strategic Plan – Staff is proposing hiring a consultant to help develop a comprehensive Septic-to-Sewer Strategic Plan with input from the Board.

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

In May 2017 the District refunded its 2007 Certificates of Participation (COP) This refunding decreased the maturity term by seven years, removed the requirement for a reserve fund, and took advantage of lower interest rates.

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, \$224,100 will be applied to interest. After all Fiscal Year 2023-24 payments are made the remaining balance of the bond will be \$4,970,000 and the bond is expected to be paid off by July 1, 2030.

ANNUAL DEPRECIATION FUNDING

Annually, the Board considers contributing to the District’s 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 2021-22 Financial Audit would be \$1,243,993. It should be noted that the District may withdraw monies from the Capital Replacement Fund at any time to fund capital projects or to meet any operational needs of the District.

FY 2023-24 PROJECTED OPERATIONS & MAINTENANCE AND CIP CASH POSITION

Taking into account the projected remaining expenditures for Fiscal Year 2022-23 and the proposed budget for Fiscal Year 2023-24, the District’s projected cash position for its Operations and Maintenance fund and Capital Replacement fund are as follows:

Operations and Maintenance Funds

	2022-23 Projected	2023-24 Projected	Difference
Beginning Cash Balance	\$ 9,500,348	\$ 10,398,121	\$ 897,773
Plus: Revenues	7,645,500	7,750,000	104,500
Less: Expenditures	(4,567,234)	(5,470,600)	(903,366)
Less: Bond Payments	(936,500)	(934,100)	2,400
Less: Capital Replacement Fund Contribution	(1,243,993)	(1,275,000)	(31,007)
Projected Ending Cash Balance	\$ 10,398,121	\$ 10,468,421	\$ 70,300

Capital Replacement Funds

	2022-23 Projected	2023-24 Projected	Difference
Beginning Cash Balance	\$ 9,500,348	\$ 8,382,154	\$ (1,118,194)
Plus: Revenues	1,243,993	1,275,000	31,007
Less: Expenditures	(2,362,187)	(7,495,000)	(5,132,813)
Projected Ending Cash Balance	\$ 8,382,154	\$ 2,162,154	\$ (6,220,000)

The District anticipates a cash balance of approximately **\$10,468,421** in its Operations and Maintenance funds and **\$2,162,154** in its Capital Replacement funds at 6/30/2024, based on the proposed budgetary figures presented in Attachments A and B.

In summary, the District will head into Fiscal Year 2023-24 in great financial shape, and based on staff projections, will continue to be so at the culmination of the fiscal year. At each quarterly financial update staff will inform the Finance Committee and the Board of Directors of any significant variations (both positive and negative to the fiscal condition of the District) that arise during the year and seek guidance on how to address such items.

Attachments:

- Attachment A – FY2023-24 Operating Budget – Proposed
- Attachment B – FY2023-24 CIP Budget – Proposed

DRAFT PROPOSED BUDGET FOR FISCAL YEAR 2023-24

A/C No	DESCRIPTION	BASED ON ACTUAL EXPENSES THROUGH 5/31/2023					FY2023-24 Proposed Budget
		FY2022-23 Approved Budget	Actual Expense	Balance Remaining	Projected Year End	Projected % of Budget	
6100	Regular Salaries	1,910,563	1,725,207	185,356	1,882,044	99%	2,099,000
6105	Board Salaries	52,800	34,672	18,128	37,824	72%	45,000
6108	Auto Allowance - GM	3,600	3,600	-	3,600	100%	3,600
6270	Standby Pay	33,000	35,010	(2,010)	38,193	116%	33,000
6300	Overtime	30,000	8,216	21,784	8,963	30%	30,000
6400	CalPERS Contribution	435,000	357,371	77,629	389,859	90%	415,000
6410	Employee Benefits	65,000	46,701	18,299	50,946	1000%	60,000
6500	FICA / Social Security Contribution	117,000	105,684	11,316	115,292	99%	135,000
6510	Medicare Contribution	27,500	25,479	2,021	27,796	101%	32,000
6520	Unemployment Tax - SUI	3,500	2,884	616	3,146	90%	3,500
6600	Group Medical Insurance	325,000	206,869	118,131	225,675	69%	300,000
6605	Retirement Medical Benefits	25,000	13,661	11,339	14,903	60%	20,000
6610	Life Insurance	7,300	4,809	2,492	5,246	72%	7,300
6615	Short / Long Term Disability	26,000	14,197	11,803	15,487	60%	26,000
6620	Worker's Compensation	50,000	38,650	11,350	42,164	84%	50,000
6640	Dental Insurance	21,000	9,746	11,254	10,632	51%	19,000
6650	Uniform Allowance	11,500	8,533	2,967	9,308	81%	11,500
Total Salaries and Benefits		\$ 3,143,763	\$ 2,641,288	\$ 502,475	\$ 2,881,078	92%	\$ 3,289,900
7090	Pooled Liability Insurance	60,000	76,236	(16,236)	76,236	127%	80,000
7091	Property Insurance	15,000	25,878	(10,878)	25,878	173%	28,000
7093	Crime Policy	1,000	849	151	849	85%	1,200
7094	Public Entity Physical Damage	10,000	9,408	592	9,408	94%	10,000
7110	New Employee Physicals/Expenses	2,500	1,845	655	2,013	81%	2,500
7121	Property Maintenance	65,000	83,739	(18,739)	89,764	138%	70,000
7122	Vehicle Maintenance	13,000	12,921	79	14,096	108%	15,000
7126	Coll - Equipment Rental	1,000	-	1,000	-	0%	1,000
7656	Plant Equipment Rental	5,000	-	5,000	-	0%	5,000
7127	Coll - Safety Equipment	8,000	488	7,843	532	3%	8,000
7659	Safety Expenses	5,000	2,514	2,486	2,743	55%	5,000
7129	Lift Station Parts	30,000	16,018	13,982	17,474	58%	30,000
7133	VacCon Equipment / Repairs	15,000	11,546	3,454	12,596	84%	15,000
7134	CCTV Equipment / Repairs	15,000	1,078	13,922	1,176	8%	15,000
7135	Private Lateral Replacement Incentive	-	-	-	-	0%	-
7136	Miscellaneous Collection Tools/Supplies	10,000	4,781	5,219	5,216	52%	10,000
7138	Jetter Truck Equipment / Repairs	8,000	3,466	-	3,781	47%	6,000
7150	Mechanical Maintenance	5,000	1,810	3,190	1,975	39%	5,000
7200	General Operating Supplies	10,000	8,343	1,657	9,101	91%	10,000
7201	Drinking, Bottled Water	2,500	1,527	973	1,666	67%	2,500
7202	Gloves	8,000	6,188	1,812	6,751	84%	8,000
7205	Community & Employee Goodwill	6,000	1,348	4,652	1,471	25%	6,000

DRAFT PROPOSED BUDGET FOR FISCAL YEAR 2023-24

A/C No	DESCRIPTION	FY2022-23 Approved Budget	BASED ON ACTUAL EXPENSES THROUGH 5/31/2023				FY2023-24 Proposed Budget
			Actual Expense	Balance Remaining	Projected Year End	Projected % of Budget	
7220	Mailing / Shipping Expenses	5,000	585	4,415	638	13%	5,000
7430	Memberships	60,000	50,775	9,225	55,391	92%	50,000
7440	Miscellaneous Expenses	2,500	-	2,500	-	0%	2,500
7450	Office Expenses	15,000	10,679	4,321	11,650	78%	15,000
7452	Scanning & Shredding	10,000	-	10,000	-	0%	10,000
7454	Books / Subscriptions / Study Guides	2,000	813	1,187	887	44%	2,000
7456	Computer Hardware/Software/Licensing	37,500	16,577	20,923	18,084	48%	37,500
7461	Prof Services - Legal	70,000	84,270	(14,270)	101,931	146%	100,000
7462	Prof Services - Accounting	45,000	24,470	20,530	26,695	59%	45,000
7463	Prof Services - Engineering	50,000	4,226	45,774	4,610	9%	100,000
7464	Prof Services - Computer	60,000	45,792	14,208	49,955	83%	60,000
7466	Prof Services - Human Resources	10,000	12,384	(2,384)	13,510	135%	12,000
7467	Prof Services - Special Legal Counsel	50,000	18,403		18,403		25,000
7500	Public Outreach/Education	75,000	-	75,000	-	0%	10,000
7506	Administrative Fees	30,000	27,694	2,306	30,212	101%	30,000
7508	Collection/Treatment Fines	10,000	-	10,000	-	0%	10,000
7510	Contracted Services/Labor	95,000	84,557	10,443	87,744	92%	95,000
7530	Notices / Ads for Publication	3,000	2,345	655	2,558	85%	3,000
7610	Furniture & Fixtures	10,000	1,933	8,067	2,109	21%	10,000
7641	NPDES Permit Requirements - Lab	15,000	14,808	192	16,154	108%	17,000
7645	NPDES Permit Requirements - Operations	50,000	29,641	20,359	32,336	65%	100,000
7650	Election Expenses	7,000	-	7,000	-	0%	-
7652	Biosolids Disposal	60,000	59,141	859	64,517	108%	65,000
7653	Chemicals for Plant	220,000	292,213	(72,213)	318,778	145%	300,000
7654	Generator Servicing - Plant	10,000	2,140	7,860	2,335	23%	10,000
7655	Hazardous Materials Disposal	2,000	231	1,769	252	13%	2,000
7657	Plant Maintenance Materials	75,000	83,153	(8,153)	90,712	121%	90,000
7658	Plant Maintenance Projects	5,000	4,837	163	5,277	106%	5,000
7661	Polymer	10,000	9,665	335	10,544	105%	10,000
7662	Small Tools/ Equipment - Plant	4,000	3,072	928	3,351	84%	4,000
7670	Special Projects	115,000	1,800	113,200	1,964	2%	120,000
7671	Asset Management	100,000	16,632		18,144		97,000
7675	COVID-19 Expenses	35,000	10,466	24,534	11,417	33%	-
7681	2023 Winter Storm	-	54,865		54,865		-
7700	Laboratory Consumables & Small Equipment	32,000	25,442	6,558	27,755	87%	32,000
7702	Laboratory Equipment Maintenance	10,000	14,278	(4,278)	15,576	156%	10,000
7703	Contract Laboratory Analyses	10,000	8,736	1,264	9,530	95%	10,000
7704	ELAP Accreditation	-	120	(120)	131	100%	-
7722	Board Training/Conf. Registration	2,500	-	2,500	-	0%	2,500
7723	Board Meetings/Travel Expenses	1,000	556	444	607	61%	1,000
7724	Staff Training/Conf. Registration	15,000	10,608	4,392	11,572	77%	15,000

DRAFT PROPOSED BUDGET FOR FISCAL YEAR 2023-24

A/C No	DESCRIPTION	BASED ON ACTUAL EXPENSES THROUGH 5/31/2023					FY2023-24 Proposed Budget
		FY2022-23 Approved Budget	Actual Expense	Balance Remaining	Projected Year End	Projected % of Budget	
7725	Staff Travel Expenses	15,000	5,032	9,968	5,489	37%	10,000
7726	Staff Certifications/Licenses	8,000	6,766	1,234	7,381	92%	8,000
7727	OSHA Required Training	5,000	1,985	3,015	2,165	43%	5,000
7728	Safety Boot Allowance	4,500	2,931	1,569	3,197	71%	4,500
7729	Apparel and Uniforms	2,500	-	2,500	-	0%	2,500
7731	Local Meeting Expenses	2,500	805	1,695	878	35%	2,500
7740	Fuel and Oil	25,000	20,886	4,114	22,785	91%	25,000
7761	Water	15,000	6,460	8,540	7,047	47%	10,000
7762	Natural Gas	5,000	4,969	31	5,421	108%	5,500
7763	Electricity	175,000	167,888	7,112	183,151	105%	215,000
7766	Trash & Recycling Service	16,000	15,827	173	17,266	108%	17,000
7767	Communications	18,000	14,551	3,449	15,874	88%	18,000
7768	Telephone - Cellular	12,000	11,537	463	12,586	105%	12,000
Total Operating Expenses		\$ 2,017,000	\$ 1,557,527	\$ 395,170	\$ 1,686,156	84%	\$ 2,180,700
Total Expenses		5,160,763	4,198,815	897,645	4,567,234	88%	5,470,600

DRAFT Fiscal Year 2023-24 Capital Improvement Program (CIP)

Collections:

Project No.	Description	Estimated Cost	2023/2024
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
C003	Large Diameter Sewer Main Rehabilitation - Design	\$ 75,000	\$ 75,000
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
C010	FEMA Rehabilitation - Construction	\$ 950,000	\$ 950,000
CMAN	Manhole Adjustments	\$ 60,000	\$ 60,000
CEME	Collection O/M Emergencies	\$ 50,000	\$ 50,000
CEQU	Equipment Replacement	Various	830,000
Collections Total			\$ 4,020,000

Lift Stations:

Project No.	Description	Estimated Cost	2023/2024
L001	Lift Station Condition Assessment & Prioritization Plan	\$ 100,000	\$ 50,000
L002	Channel Lift Station Improvement	\$ 480,000	\$ 420,000
LEME	Lift Station Emergency Repairs	\$ 120,000	\$ 30,000
Lift Stations Total			\$ 500,000

Treatment & Laboratory:

Project No.	Description	Estimated Cost	2023/2024
T001	Electrical Rehabilitation & Aeration Blower Replacement Project - Design	\$ 200,000	\$ 200,000
T001	Electrical Rehabilitation & Aeration Blower Replacement Project - Construction	\$ 2,000,000	\$ 2,000,000
T002	Skimmer Troughs Installation	\$ 70,000	\$ 70,000
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
Treatment & Laboratory Total			\$ 2,830,000

Facilities:

Project No.	Description	Estimated Cost	2023/2024
F001	Maintenance Building Restroom Alterations - Design	\$ 15,000	\$ 15,000
F006	Admin/Operations Roof Replacement	\$ 50,000	\$ 60,000
Facilities Total			\$ 75,000

Sewer Main Extensions:

Project No.	Description	Estimated Cost	2023/2024
S001	Sepitc to Sewer Strategic Plan	\$ 70,000	\$ 70,000
Sewer Main Extensions Total			\$ 70,000

Program	2023/2024
Collections	\$ 4,020,000
Lift Stations	\$ 500,000
Treatment & Laboratory	\$ 2,830,000
Facilities	\$ 75,000
Sewer Main Extensions	\$ 70,000
Total	\$ 7,495,000



Montecito Sanitary District

1042 Monte Cristo Lane
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A Public Service Agency

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MONTECITO SANITARY DISTRICT STAFF REPORT – 8A

DATE: June 22, 2023
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: Discussion on District Investments

RECOMMENDATION

It is recommended that the Board:

- i) Discuss and consider options as it relates to investing of moneis in the District's Reserve Funds; and
- ii) Taking such additional, related action that may be desirable.

ANALYSIS

The Board updated, adopted and approved the District's current Investment Policy, Resolution 2000-779 on August 14, 2000. District Counsel has reviewed this policy and determined that it meets all current government requirements. It is attached as Attachment A.

The District recently adopted its Reserve Funds Policy which set aside \$1,500,000 in an Operations & Maintenance Reserve Fund and another \$750,000 in a Capital Projects Reserve Fund. Currently these amounts are sitting in the District's Local Agency Investment Fund (LAIF) account, and the Board has expressed interest in analyzing other investment vehicles that could provide more favorable returns.

FISCAL IMPACT

None.

ATTACHMENTS: A. Resolution 2000-779, Montecito Sanitary District Investment Policy

RESOLUTION NO. 2000-779
MONTECITO SANITARY DISTRICT
INVESTMENT POLICY
Repealing Resolution No. 1997-742

1.0 POLICY

The Legislature of the State of California has declared that the deposit and investment of public funds by officials and local agencies is an issue of statewide concern (Government Code sections 53600.6 and 53630.1); and

The legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of Government Code sections 5920 et. seq. and 53601 et seq.; and

The treasurer or fiscal officer of the Montecito Sanitary District shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; (GC 853646(a)).

It shall be the policy of the Montecito Sanitary District to invest funds, with maximum security through diversification and prudence, in a manner which will provide the highest investment return, while meeting the daily cash flow demands of the entity and conforming to all statutes governing the investment of Montecito Sanitary District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the Montecito Sanitary District. These funds are accounted for in the annual District audit and include: Operating Fund, Capital Project Fund, Emergency Fund, Bond Reserve Fund, and Compensated Absence Fund

Funds not included in the policy include deferred compensation funds.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (GC 853600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individuals security's credit risk or market price changes, provided deviations from expectations are reported to the Governing Board in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objectives

As specified in GC 853600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objectives, in priority order, of the investment activities shall all be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Montecito Sanitary District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities, or by institutional management, do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the Montecito Sanitary District to meet all operating requirements which might be reasonable anticipated.
3. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from Government Code sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the designated official, who shall establish, subject to Board approval, written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the designated official. The designated official, subject to Board approval, shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of Government Code section 53600.3, the designated official is a trustee and a fiduciary subject to the prudent investor standard.

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The designated official will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Montecito Sanitary District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the designated official shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the Montecito Sanitary District's account with that firm has reviewed the Montecito Sanitary District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the Montecito Sanitary District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The Montecito Sanitary District is empowered by Government Code 53601 et seq to invest in the following:

- A. Bonds issued by the Montecito Sanitary District or by any department, board, agency or authority created by the District.
- B. United States Treasury Bills, Notes & Bonds or Certificates of Indebtedness.
- C. Registered state warrants or treasury notes or bonds issued by the State of California.
- D. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.
- E. Obligations issued by Agencies or Instrumentality of the U S Government.
- F. Bankers Acceptances with a term not to exceed 270 days. Not more than 40% of invested funds can be invested in Bankers Acceptances and no more than 30% of invested funds can be invested in the bankers acceptances of any single commercial bank.

- G. Prime Commercial Paper of U S Corporations with assets greater than \$500 million with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service or Standard & Poor's Corp. Purchases of eligible commercial paper may not represent more than 10% of the outstanding papers of an issuing Corporation. Commercial paper cannot exceed 15% of total invested funds, provided, that if the average maturity of all Commercial paper does not exceed 31 days, up to 30% of invested funds can be invested in Commercial paper.
- H. Negotiable Certificates of Deposit issued by federally or state chartered banks or associations. Not more than 30% of invested funds can be invested in certificates of deposit.
- I. Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section. Securities purchased under these agreements shall be no less than 102% of market value. (See special limits in GC 853601(i).
- J. Medium term notes (not to exceed 5 years) of U S corporations rated "A" or better by Moody's or S&P. Not more than 30% of invested funds can be invested in medium term notes.
- K. Share of beneficial interest issued by diversified management companies (Money Market Mutual Funds) investing in the securities and obligations authorized by GC 853601. Such Funds must carry the highest rating of at least two of the three largest national rating agencies. Not more than 10% of invested funds can be invested in Money Market Mutual Funds.
- L. Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.
- M. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.
- N. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a nationally recognized rating service. Not more than 30% of invested funds may be invested in this category of securities.
- O. Any other investment security authorized under the provisions of GC 853601.

Also, see GC 853601 for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. GC 853601 is attached and included by reference in this investment policy.

Prohibited Investments: Under the provisions of GC 853601.6 and 853631.5, the Montecito Sanitary District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9.0 COLLATERALIZATION

All certificates of deposits must be collateralized by U S Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under GC 853601(I)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the Montecito Sanitary District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the Montecito Sanitary District by book entry, physical delivery or by third party custodial agreement as required by GC 853601.

11.0 DIVERSIFICATION

The Montecito Sanitary District will diversify its investments by security type and institution. It is the policy of the Montecito Sanitary District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- (a) Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- (b) Maturities selected shall provide for stability of income and liquidity.
- (c) Disbursement and payroll dates shall be covered through maturities investments, marketable U S Treasury bills or other cash equivalent instruments such as money market mutual funds.

12.0 REPORTING

In accordance with GC 853646(b)(1), designated official shall submit to each member of the Board of Directors a quarterly investment report. The report shall include a complete description

of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Montecito Sanitary District by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC 853646(e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, (2) the Montecito Sanitary District will meet its pool expenditure requirements for the next six months as required by GC 853646(b), and (3) the designated official shall maintain a complete and timely record of all investment transactions.

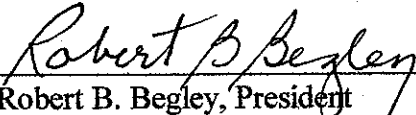
13.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Montecito Sanitary District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

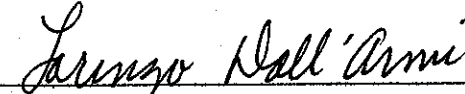
ADOPTED AND APPROVED: August 14, 2000

AYES:	Arnold, Begley, Cannata, Clark, Dall'Armi
NAYS:	None
ABSENT:	None
ABSTAIN:	None

(District Seal)


Robert B. Begley, President

ATTEST:


Lorenzo Dall'Armi, Secretary

Attachment: Government Code Section 53601, et seq., effective 1-1-96.

ATTACHMENT TO
RESOLUTION NO. 2000-779

**INVESTMENTS AUTHORIZED UNDER CALIFORNIA
GOVERNMENT CODE SECTION 53601**

CGC Section	Investment Type	Maximum Maturity	Authorized Limit (%)	Required Rating
53601(a)	Local Agency Bonds	5 Years	None	None
53601(b)	U.S. Treasury Bills, Notes or Bonds	5 Years	None	None
53601(c)	State Registered Warrants, Notes or Bonds	5 Years	None	None
53601(d)	Notes & Bonds of other Local Calif. Agencies	5 Years	None	None
53601(e)	U.S. Agencies	5 Years	None	None
53601(f)	Bankers Acceptances ¹	270 Days	40%	None
53601(g)	Prime Commercial Paper ²	180 Days	15% or 30%	A1/P1
53601(h)	Negotiable Certificates of Deposit	5 Years	30%	None
53601(i)	Repurchase & Reverse Repurch. Agreements*	1yr./92 days	None/20%	None
53601(j)	Medium Term Corporate Notes	5 Years	30%	A
53601(k)	Money Market Mutual Funds & Mutual Funds**	5 Years	20%	2-AAA
53601(m)	Collateralized Bank Deposits	5 Years	None	None
53601(n)	Mortgage Pass-Through Securities	5 Years	20%	AA
16429.1	Local Agency Investment Fund (LAIF)	N/A	None	None
53601(d)	County Pooled Investment Funds	N/A	None	None

- * See California Government Code Section 53601 (I) for limits on use of reverse repurchase agreements.
- ** Mutual Funds maturity may be defined as the weighted average maturity; money market mutual funds must have an average maturity of 90 days or less, per SEC regulations.

¹ No more than 30% of surplus funds may be invested in Bankers Acceptances of any one commercial bank.
² 30% if dollar weighted average maturity of all commercial paper does not exceed 31 days. Commercial paper issuers must be organized and operating w/i U.S. and have total assets in excess of \$500 million, and have "A" or higher rating for issuer's debt, other than commercial paper, by Moody's or Standard and Poor's. Purchases may not exceed 10% of outstanding paper of an issuing corporation.



Montecito Sanitary District

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MONTECITO SANITARY DISTRICT STAFF REPORT – 8B

DATE: June 22, 2023
TO: Board of Directors
FROM: John Weigold, General Manager
Aleks Giragosian, District Counsel
SUBJECT: Joint Representation Agreement with Colantuono, Highsmith & Whatley,
PC

RECOMMENDATION

It is recommended that the Board:

- i) Discuss and consider authorizing the General Manger to approve a joint representation agreement with Colantuono, Highsmith & Whatley, PC; and
- ii) Taking such additional, related action that may be desirable.

ANALYSIS

None.

FISCAL IMPACT

None.

ATTACHMENTS:

1. Joint Representation Memo
2. Legal Services Agreement
3. Consent to Simultaneous Representation of Montecito Sanitary District and Montecito Water District

790 E. Colorado Boulevard, Suite 850
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Fax (213) 542-5710

COLANTUONO
HIGHSMITH
WHATLEY, PC

Holly O. Whatley
(213) 542-5704
HWhatley@chwlaw.us

January 25, 2022

VIA E-MAIL

Nicholas Turner, P.E.
General Manager
Montecito Water District
583 San Ysidro Road
Santa Barbara, CA 93108

Brad Rahrer
General Manager
Montecito Sanitary District
1042 Monte Christo Lane
Santa Barbara, CA 93108

Re: Representation of MWD and MSD re LAFCO Issues

Dear Mr. Nick Turner and Mr. Rahrer:

As asked, I write to propose the terms under which we agree to advise Montecito Water District ("MWD") and Montecito Sanitary District ("MSD") (collectively, the "Districts") regarding the potential reorganization of the Districts into one agency and in particular regarding LAFCO-related procedures and issues. The firm currently represents MWD on ratemaking and related public finance matters. This will be our sole project for MSD; if we can assist either of you on other matters, please let me know. Colantuono, Highsmith & Whatley, PC and all of its professionals are very pleased to have the opportunity to represent you in this matter.

This letter sets forth the basis upon which our firm will provide legal services to the Districts and bill you for services and costs. The firm maintains a conflict of interest index which lists all clients of our firm and matters in which we represent them. We will not represent any party with an interest that may be adverse to an indexed person without first determining if a professional conflict of interest would arise. We propose to index the following with respect to this matter:

Mr. Turner & Mr. Rahrer

January 25, 2022

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Client-Affiliated Parties:

Montecito Water District

Montecito Sanitary District

Adverse Parties:

None

Please let me know if any of these names are incorrect or if there are other parties with an interest in this matter that we should list such as, for example, an agency that might be affected by the potential merger of the two Districts. Unless we hear from you to the contrary, we will assume that the above listing is accurate and complete.

We have reviewed our files and our conflicts index and have no other client relationships which would interfere with our ability to represent you in this matter. Because our representation in this matter will be of two separate entities, careful consideration must be given to such joint representation, including express written consent to do so.

Joint Representation

We must advise you about the pros and cons of joint representation under the California Rules of Professional Conduct. In a joint representation, all MWD and MSD's individual communications with us will be privileged as to third parties but will not be privileged as between the two Districts. As long as we represent the two Districts, there will be no privilege shielding our discussions with either of the two Districts about this project from either of you. Likewise, if a dispute arises between you about this representation, the law will not allow either District to invoke the privilege against another as to any information disclosed to us about this matter during our representation of both Districts. If such a lawsuit arose, section 962 of the California Evidence Code could require us to disclose such information.

Actual Conflicts

At present, we are aware no actual conflicts of interest among you as to the possible reorganization into one special district — you have a common interest in advancing the project and obtaining any necessary LAFCO approvals (if the project proceeds) in the most cost-effective manner to the Districts. However, if an actual conflict arises, we might need to withdraw from representing all of you on this matter. The Firm, however, would

continue to represent MWD under the termination provision below in matters unrelated to this representation. We will advise you if an actual conflict becomes apparent. We ask that you advise us if you become aware of any conflicts between the Districts.

Potential Conflicts

Conflicts can arise among jointly represented parties, as when they differ as to strategy. For example, you may have disagreement among you as to how to handle the transition from one governing board to two, or which principal act to use for the surviving special district. While these scenarios may seem remote at this time, we must disclose their potential. If a conflict arises, we will work with both Districts to resolve it. If we cannot, an actual conflict would develop, and we would withdraw from representing both of you as to this matter, and continue to represent MWD on unrelated matters.

We are not aware of any such circumstances nor of any threatened or potential claims between any of you. If you are aware of any differences among you which could make it difficult for us to represent both of you, please let me know immediately.

Agreement Between Districts

The Districts will share equally the cost of payments for work performed by Law Firm to advise the Districts jointly regarding the potential reorganization into one agency and in particular regarding LAFCO-related procedures and issues, with each entity paying 50% of the fees and costs. The exception to the 50% cost share is for those fees and costs for tasks related solely to one of the Districts (e.g. attendance at a Board meeting) and payment of such fees and costs will be the responsibility of only the District requesting and incurring such costs and tasks.

The Districts have agreed that MWD will administer the agreement with Law Firm as it relates to payments. Accordingly, our invoices on this matter will be sent to MWD and will show the total charges during the invoice period and will separately itemize charges for tasks related solely to one of the Districts. We understand that MWD will invoice MSD for its respective share of the payments made by MWD, and MSD will reimburse MWD for its share as detailed on the invoice not later than 30 days after the invoice date. By signing this agreement and retaining our firm to represent you in this matter, you confirm that you agree to pay our legal fees as set forth here.

The cost sharing arrangement for our invoiced charges outlined above is an agreement between the Districts. We cannot be involved in interpreting that agreement or resolving any disputes regarding it, as doing so would necessarily involve us in a matter as to which our clients have conflicting interests. Accordingly, you agree that our firm and its professionals will represent no party in such a dispute.

Termination of Representation

We reserve the right to withdraw from representing one or both Districts if we conclude a conflict prevents us from adequately fulfilling our responsibilities to either of you. Either District may likewise terminate our services as to the party making that decision.

By signing below you agree that, if we cease representing one or both Districts in this engagement for any reason, we may continue to represent MWD on any matter unrelated to this representation. Thus, we are now asking MSD to consent to our continued and future representation of MWD. By signing below, MSD agrees not to assert any conflict of interest or to seek to disqualify us from continuing to represent MWD on matters not related to this representation, notwithstanding any present or future adversity between MSD and MWD. This includes a waiver of any right to object to our continued representation of MWD on the grounds that we obtained confidential information from you in this joint representation.

The nature of the matter makes it impossible for us to precisely estimate the fees you may incur. You will receive monthly statements informing you of the fees and costs incurred during the prior month. We will, of course, do our best to represent you efficiently and without undue expense.

Please make payments payable to Colantuono, Highsmith & Whatley, PC directly to our Grass Valley office at:

Colantuono, Highsmith & Whatley, PC
420 Sierra College Drive, Suite 140
Grass Valley, CA 95945-5091

Our federal employer identification number is 75-3031545.

Mr. Turner & Mr. Rahrer

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I will have primary responsibility for your representation on this project, and the firm will use other attorneys and legal assistants in the best exercise of our professional judgment. If you have questions, concerns or criticisms at any time, please contact me at once. Naturally, we expect you to keep us reasonably informed of all significant developments regarding this representation.

We review all statements before they are issued to ensure the amount charged is appropriate. The statement for fees is simply the product of the hours worked multiplied by the hourly rates for the attorneys and legal assistants who did the work.

Our hourly rates are based upon the experience, reputation and ability of the lawyer or legal assistant performing the services, and for 2022 range between \$220 and \$525 per hour for attorneys' time, and between \$135 and \$170 for the time of paralegals and legal assistants. As a courtesy to you, however, we agree to cap our standard rates at \$400. Our rate structure in general and the rates of particular lawyers may be increased from time to time and are usually adjusted as of the beginning of each calendar year. We also agree not to exceed fees of \$25,000 total without obtaining authorization from each of you in advance.

It may be necessary to bill you for items such as, but not limited to, authorized travel, long distance telephone calls, filing fees, photocopying, computerized legal research outside the scope of our Westlaw contract and the like. These items are separately itemized on our statement as "disbursements." These amounts will be billed in addition to our fees.

We will send monthly statements and expect payment within 30 days of the billing date. If payment is not received within 45 days of the billing date, we reserve the right to charge interest on the unpaid balance at the rate of 1% per month and to terminate our representation.

We rarely have disputes with clients over our fees. Nevertheless, you should be aware that you are entitled to require that any fee dispute be resolved by binding arbitration in Santa Barbara County pursuant to the arbitration rules for legal fee disputes of the Santa Barbara County Bar Association. We agree that all disputes between us regarding the services rendered or fees charged not resolved via County Bar fee arbitration will be submitted to binding arbitration in Santa Barbara County to be conducted by ADR Services, Inc. in accordance with its commercial arbitration rules.

YOU SHOULD REVIEW THIS PARAGRAPH CAREFULLY AND, IF YOU WISH, SEEK INDEPENDENT LEGAL COUNSEL REGARDING IT, AS YOU AND WE ARE AGREEING TO FOREGO SIGNIFICANT RIGHTS IN THE EVENT OF A DISPUTE BETWEEN US, INCLUDING THE RIGHT TO A JURY TRIAL.

You have the right to terminate our representation at any time. We have the same right, subject to an obligation to give you reasonable notice to arrange alternative representation. In either circumstance, you agree to secure new counsel to represent you as quickly as possible and to cooperate fully in the substitution of the new counsel as counsel of record in any litigation in which we may subsequently agree to represent you. Notwithstanding the termination of our representation, you will remain obligated to pay to us all fees and costs incurred previously.

You agree that we may, in our discretion, maintain all or part of your client file in electronic format. The firm may store part or all your documents using secure cloud storage services. If so, the firm will apply all reasonable methods to maintain the confidentiality of your files, just as it does for your non-digital information. Your data will be password protected and encrypted using currently available technology. Clients requiring information from their files may obtain that information only by written request to us.

You also agree that following termination of our attorney-client relationship, we will not be required to maintain your client file for more than two years. If you ask us to deliver your file to you, you agree that delivery of an electronic version, together with any materials that cannot be saved electronically, satisfies our obligation to release all your client papers and property to you. Two years after termination of our relationship, and after reasonable notice, you agree that we will be free to destroy your client file, including all electronic records. We may also discharge our obligation to maintain your file before two years expire by mailing a copy to you at your address last known to us. You agree that "reasonable notice" means our mailing a notice of our intent to destroy your client file to you at that address.

I apologize for the formality of this letter, but we are required by California law to provide this information to you in writing. We are also required to inform you that we currently maintain professional liability insurance coverage.

Mr. Turner & Mr. Rahrer
January 25, 2022
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Please review the foregoing and, if it meets with your approval, execute it and return it to me. If you have any questions, please feel free to call me at the direct-dial number above. Thank you for the opportunity to represent you!

Very truly yours,

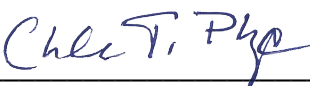


Holly O. Whatley

HOW:sh

c: Robert Cohen, General Counsel, Montecito Water District
Mark Manion, General Counsel, Montecito Sanitary District

On behalf of **Montecito Water District**, I agree to retain Colantuono, Highsmith & Whatley, PC to provide legal services as set forth above, to pay for its services as provide above and to the joint representation of MWD and MSD as described above.



Signature

Date: February 23, 2022

By: Charles T. Plough

Title: Board President

Mr. Turner & Mr. Rahrer

January 25, 2022

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On behalf of **Montecito Sanitary District**, I agree to retain Colantuono, Highsmith & Whatley, PC to provide legal services as set forth above, to pay for its services as provide above, to the joint representation of MWD and MSD as described above and to the consent for Colantuono, Highsmith & Whatley, PC to continue to represent MWD on other matters if they cease to represent either District in this representation.



Signature

Date: March 28, 2022

By: Bradley Rahrer, P.E.

Title: General Manager/District Engineer

AGREEMENT FOR LEGAL SERVICES

This Agreement for Legal Services (“Agreement”) is made and entered into by and between the law firm of Colantuono, Highsmith & Whatley, PC, (“Firm”) and the Montecito Sanitary District (“District”).

RECITALS

A. The District desires to retain the Firm on an interim basis to discharge the duties of the office of General Counsel and to designate a member of the Firm as General Counsel.

B. The attorneys of the Firm are duly licensed under the laws of the State of California and are fully qualified to discharge the duties of the office of General Counsel and to provide the services contemplated by this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Scope of Services.

A. The Firm shall discharge the duties of the office of General Counsel of the District and shall use its best efforts to provide legal services in a competent and professional manner. The Firm shall provide all legal services to the District of the kind and nature typically provided by an in-house General Counsel’s office unless specifically stated otherwise in this Agreement or otherwise directed in writing by the District. Except where conflict of interest rules require otherwise, the Firm shall supervise the activities of all other counsel retained by or for the District and shall review the work of such counsel on behalf of the District.

B. The legal services to be provided by the Firm shall consist of those set forth in Exhibit “A” attached hereto and shall be billed at the rates set forth therein.

2. Designation of General Counsel.

Aleks R. Giragosian is designated as General Counsel of the District and Michael G. Colantuono is designated as Assistant General Counsel of the District. The parties understand and agree that the Firm may, from time to time, utilize other attorneys within the Firm to assist Mr. Giragosian in the performance of this Agreement but that Mr. Giragosian will attend Board meetings when requested and will supervise all services rendered under this Agreement.

3. Billing Procedures and Monthly Statements.

A. The Firm shall submit to the District, within 30 days after the end of each calendar month, an itemized statement of the professional services provided and the time expended to provide those services in the form customarily submitted by the Firm to clients which are billed on an hourly basis. The parties acknowledge that payment of all monthly statements is expected to be made within 30 days of the billing date. The District will not be liable for interest or finance charges, although persistent late payment shall be a basis for the Firm to review its relationship with the District.

B. The Firm will bill the District for actual, out-of-pocket expenses such as, but not limited to, authorized travel, including mileage at the IRS rate, long-distance telephone calls (other than calls between the District's and the Firm's offices), filing fees, duplication, computerized legal research (except as provided to the contrary below), and similar out-of-pocket expenditures. Photocopies shall be billed at 15 cents per page, outgoing faxes will be charged at \$1 per page. All other expenses will be billed at cost, without markup. The Firm will not charge for word-processing services or secretarial overtime. The Firm will make best efforts to avoid the use of outgoing faxes, and the costs associated with them, by use of email, U.S. Mail and other means. These items will be separately designated on the Firm's monthly statements as "disbursements," and will be billed in addition to fees for professional services. The Firm will not charge the District for computerized legal research within the scope of its contract with Westlaw or a similar provider, but will pass through to the District at cost, without markup, its cost for use of specialized databases outside that contract.

C. Time will be charged by the Firm in increments of 1/10 of an hour (i.e., six-minute units). The rate structure in general, or the rates of attorneys of particular levels of experience, may be increased or altered from time to time, after written notice to, and approval by, the District. No such change shall affect the terms of Exhibit A to this Agreement absent amendment of this Agreement pursuant to Section 8 below. The current hourly rates of the Firm's professionals are shown in Exhibit B attached hereto.

D. The Firm will not charge the District for the attendance of more than one attorney at any meeting, proceeding or deposition without first discussing the need to do so with the principal client contact for the matter, and will limit multiple attendance to exceptional circumstances where such attendance is necessary for the benefit of the client.

4. Resolution of Fee Disputes.

The District is entitled to require that any fee dispute be resolved by binding arbitration in any County in which the Firm maintains an office pursuant to the arbitration rules for legal fee disputes of the appropriate County Bar Association. In the event that District chooses not to use the County Bar arbitration procedures, District agrees that all disputes regarding the professional services rendered or fees charged by the Firm shall be submitted to binding arbitration in Ventura County to be conducted by ADR Services, Inc. in accordance with its commercial arbitration rules.

5. Term of the Agreement.

This Agreement shall be effective as of March 10, 2022, (“Effective Date”) and shall be and remain in full force and effect until terminated in accordance with the provisions of Section 6 hereof.

6. Termination of the Agreement.

District may terminate the Firm’s representation at any time, without cause, subject to an obligation to give notice in writing to the Firm at least 30 days before termination. Termination is effective 30 days from the date of the written notice unless otherwise specified therein. The Firm has the same right, subject to the Firm’s ethical obligations to allow the District sufficient notice prior to termination so that District may to arrange alternative representation. In either circumstance, District agrees to secure new counsel as quickly as possible and to cooperate fully in the substitution of the new counsel as counsel of record in any action in which the Firm may represent the District. The Firm agrees to cooperate fully in any such transition, including the transfer of files. Notwithstanding the termination of the Firm’s representation, District will remain obligated to pay to the Firm all fees and costs incurred previously.

7. Files and Records.

A. All legal files of the Firm pertaining to the District shall be and remain the property of District. The Firm will control the physical location of such files during the term of this Agreement. The Firm may, in its discretion, maintain all or part of the District’s client file in electronic format. The Firm may store part or all of the District’s electronic documents using secure cloud storage services. If so, the Firm will use all reasonable methods to maintain the confidentiality of District files, just as it does for the District’s non-digital files. The District’s data will be password protected and encrypted using currently available technology.

B. The Firm shall maintain full and accurate records with respect to all matters covered under this Agreement for two years after the expiration or termination of this Agreement. If the District asks the Firm to deliver its files to the District, delivery of an electronic version, together with any materials that cannot be saved electronically, satisfies the Firm's obligation to release all client papers and property to the District. Two years after termination of the attorney-client relationship, and after reasonable notice, the Firm will be free to destroy the District's client file, including all electronic records. The Firm may also discharge its obligation to maintain the District's file prior to the expiration of two years by mailing a copy to the District. "Reasonable notice" means the Firm's mailing notice to the District of its intent to destroy the District's client files.

C. District shall have the right to access and examine records of the Firm pertaining to the District, without charge, during normal business hours upon written request, provided, however, that Firm may protect the confidences of its other clients and otherwise comply with applicable law. District shall further have the right to audit such records, to make transcripts therefrom and to inspect all data, documents, proceedings, and activities upon written request, provided, however, that Firm may protect the confidences of its other clients and otherwise comply with applicable law. The Firm does not permit direct access to its files by clients, but will provide the District access to the Firm's records pertaining to the District as provided herein and upon written request. This same procedure will apply to information stored in the cloud.

8. Modifications to the Agreement.

This Agreement may be amended from time to time by agreement of the parties. Unless otherwise provided in this Agreement, modifications relating to the nature, extent, or duration of the Firm's professional services to be rendered hereunder shall require the prior written approval of the District Board. Any such written approval shall be a supplement to this Agreement and shall specify any changes in the Scope of Services and the agreed-upon billing rates to be charged by the Firm and paid by the District.

9. Independent Contractor.

No employment relationship is created by this Agreement. The Firm and its members shall, for all purposes, be an independent contractor to the District. The Firm and its members shall not be entitled to participate in any pension plan (including, without limitation, the Public Employees Retirement System), insurance, bonus, or other similar benefits provided to District employees.

10. Nondiscrimination.

In the performance of this Agreement, the Firm shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, national origin, medical condition, or any other unlawful basis.

11. Assignment and Delegation.

This Agreement contemplates the personal professional services of the Firm. Neither this Agreement nor any portion thereof shall be assigned or delegated without the prior written consent of the District. Delegation to attorneys outside the Firm shall be limited to those situations in which the Firm is disqualified by virtue of a conflict of interest, or where the Firm does not possess the expertise to competently perform services in a particular practice area. Delegation shall not be made without the prior written approval of the District's General Manager / District Engineer. The Firm shall supervise delegated work, except where precluded from doing so by a conflict of interest, and where otherwise agreed to by the parties hereto.

12. Insurance.

A. The Firm currently maintains in full force and effect a professional liability insurance policy which provides coverage in an amount not less than \$2,000,000 per occurrence and \$4,000,000 aggregate. That policy covers the District for any damages or losses it suffers as a result of any error or omission or neglect by the Firm which arises out of the professional services required by this Agreement.

B. The Firm currently maintains workers' compensation insurance in accordance with Section 3700 of the California Labor Code.

C. The Firm agrees to notify District in the event the limits of its insurance should fall below the coverages stated in paragraph A or if the insurance policies noted here are allowed to lapse and substitute insurance is not obtained.

13. Indemnification.

The Firm shall indemnify, hold harmless and defend District, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, or negligent acts, errors or omissions of the Firm in the performance of this Agreement.



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, June 22, 2023

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14. Conflicts of Interest.

The Firm and its members shall comply with all applicable federal, state and local laws and regulations, including the conflict of interest provisions of Government Code section 1090 and the Political Reform Act (Government Code section 81000 et seq.). Conflicts under the Rules of Professional Conduct are addressed in a separate letter of even date herewith.

15. Permits and Approvals.

The Firm and its members shall obtain, at the Firm’s sole cost and expense, all permits, and licenses necessary in the performance of this Agreement.

16. Federal Provisions.

Federal financial assistance may be used to fund all or a portion of this Agreement. The Firm shall comply with all federal requirements including, but not limited to, the following:

A. 2 C.F.R. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which is expressly incorporated herein by reference.

B. Federal Contract Provisions attached hereto as Exhibit “C” and incorporated herein by reference.

Subcontracts, if any, shall contain a provision making them subject to all of the provisions stipulated in the contract, including but not limited to, 2 C.F.R. Part 200 and the Federal Contract Provisions.

With respect to any conflict between such federal requirements and the terms of this Agreement and/or the provisions of state law and except as otherwise required under federal law or regulation, the more stringent requirement shall control.

17. Severability.

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or

unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

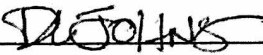
18. Entire Agreement.

This Agreement, together with Exhibits "A", "B" and "C" hereto, shall constitute the full and complete agreement and understanding of the parties and shall be deemed to supersede all other written or oral statements of any party hereto relating to the subject matter hereof.

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

"District"

Montecito Sanitary District

By: 
Dorinne Lee Johnson, Montecito
Sanitary District Board President

Date: 3/8/2022

"Firm"

Colantuono, Highsmith & Whatley, PC

By: 
Michael G. Colantuono, President

Date: 3/21/22

EXHIBIT A

Scope of Services and Applicable Billing Rates

A. General Counsel Legal Services

1. For all legal services the Firm provides under this Agreement, and not otherwise described below, the Firm shall bill the District at the regular hourly rates of the attorneys and other professionals providing such services at the time those services are provided to a maximum of \$250 per hour. These services include:
 - a. Provide routine legal assistance, advice, and consultation to the District Board and to District staff relating to general public law issues, potential tort liability and risk management.
 - b. Prepare and review legal opinions, ordinances, resolutions, agreements, and related documents.
 - c. Attend meetings of the District Board and of other Boards and Committees of the District as the District may from time to time request.
 - d. Monitor pending state and federal legislation and regulations, and new case law, as appropriate.
 - e. Assist the District in the development of legal and judicial remedies and processes to code compliance issues. General Counsel legal services do not include litigation.
 - f. Prepare and / or review correspondence to be sent by District staff on legal matters such as public records requests, open meeting provisions, ethics questions, conflicts of interest, and interpretations of state and federal law.
 - g. Perform such other or additional general legal services as may be requested by the District, acting by and through the District Board or the District's General Manager / District Engineer.

- h. Administer contracts that the District may have with other legal counsel, as directed by the District.
- i. Perform all duties of the office of General Counsel as provided in State law, except to the extent such duties are provided for in Sections B or C below.

2. Travel time incurred to provide General Counsel legal services will be billed at one-half the time incurred.

B. Litigation Legal Services

- 1. The Firm will provide litigation services to the District in any and all matters assigned by the District, except as delegated pursuant to Section 11 of the Agreement, or as otherwise agreed in writing by the Firm and the District. Litigation oversight services such as review of invoices, coordination of activities, communication of District Board direction, and similar administrative tasks will be included in General Counsel Legal Services at the rates set forth in Section A.
- 2. The litigation services specified in Section B.1 shall be billed at the regular hourly rates of the attorneys and other professionals providing such services at the time those services are provided to a maximum of \$275 per hour.

C. Cost Recovery Legal Services

When the District is to be reimbursed for the Firm's services, as by a developer for work on a land use issue, the Firm may bill at the regular hourly rates of the attorneys and other professionals providing such services at the time those services are provided up to a maximum of \$325 per hour.

EXHIBIT B

Hourly Billing Rates as of January 1, 2022:

	General Counsel Legal Services	Litigation Legal Services	Cost Recovery Legal Services
Shareholders and Senior Contract Attorneys	\$250	\$275	\$325
7 th Year and More Senior Associates	\$250	\$275	\$325
6 th Year Associates	\$250	\$275	\$315
5 th Year Associates	\$250	\$275	\$285
4 th Year Associates	\$250	\$270	\$270
3 rd Year Associates	\$250	\$255	\$255
2 nd Year Associates	\$245	\$245	\$245
1 st Year Associates	\$235	\$235	\$235
Paralegals	\$180	\$180	\$180
Legal Assistants	\$135–160	\$135–160	\$135–160

EXHIBIT C

FEDERAL CONTRACT PROVISIONS

During the performance of this Agreement, Colantuono, Highsmith & Whatley, PC, (“Consultant”) shall comply with all applicable federal laws and regulations including but not limited to the federal contract provisions in this Exhibit C. In this Exhibit C, the term “Agency” shall mean the local agency entering into this contract with Consultant.

1. CONTRACTING WITH SMALL AND MINORITY FIRMS, WOMEN’S BUSINESS ENTERPRISE AND LABOR SURPLUS AREA FIRMS (2 C.F.R. § 200.321)

- (A) Consultant shall be subject to 2 C.F.R. § 200.321 and will take affirmative steps to assure that minority firms, women’s business enterprises, and labor surplus area firms are used when possible and will not be discriminated against on the grounds of race, color, religious creed, sex, or national origin in consideration for an award.
- (B) Affirmative steps shall include:
 - (i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - (ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - (iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
 - (iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises; and
 - (v) Using the services/assistance of the Small Business Administration (SBA), and the Minority Business Development Agency (MBDA) of the Department of Commerce.
- (C) Consultant shall submit evidence of compliance with the foregoing affirmative steps when requested by the Agency.

- (D) Notwithstanding the foregoing, the affirmative steps requirements detailed above do not apply in the case of a noncompetitive procurement made under the emergency exception/exigency exception to competitive procurements.

2. COST PRINCIPLES (2 C.F.R. PART 200, SUBPART E)

- (A) If any indirect costs will be charged to the Agency under this contract, such costs must conform to the cost principles set forth under the Uniform Rules at 2 C.F.R. Part 200, subpart E (“Cost Principles”). In general, costs must (i) be necessary and reasonable; (ii) allocable to the grant award; (iii) conform to any limitations or exclusions set forth in the Cost Principles; (iv) be adequately documented; and (v) be determined in accordance with generally accepted accounting principles (“GAAP”), except, for state and local governments and Indian tribes only, as otherwise provided for in 2 C.F.R. Part 200, subpart E. 2 C.F.R. § 200.403. Costs that are determined unallowable pursuant to a federal audit are subject to repayment by Consultant.

3. ACCESS TO RECORDS & RECORD RETENTION (2 C.F.R. 200.336)

- (A) Consultant shall comply with 2 C.F.R. § 200.336 and provide the Federal Agency, Inspectors General, the Comptroller General of the United States, Agency, and the State of California or any of their authorized representatives access, during normal business hours, to documents, papers, books and records which are directly pertinent to this contract for the purposes of making and responding to audits, examinations, excerpts, and transcriptions. The right also includes timely and reasonable access to Consultant's personnel for the purpose of interview and discussion related to the books and records.
- (B) Consultant agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
- (C) Consultant agrees to provide the Federal Agency or its authorized representatives access to construction or other work sites pertaining to the work being completed under the contract.

4. **REQUIRED CONTRACT PROVISIONS IN ACCORDANCE WITH APPENDIX II TO PART 200 – CONTRACT PROVISIONS FOR NON-FEDERAL ENTITY CONTRACTS UNDER FEDERAL AWARDS (2 C.F.R. § 200.326)**

- (A) Appendix II to Part 200 (A); Appendix II to Part 200 (B): Remedies for Breach; Termination for Cause/Convenience. If the contract is in excess of \$10,000 and the contract does not include provisions for both termination for cause and termination for convenience by the Agency, including the manner by which it will be effected and the basis for settlement, then the following termination clauses shall apply. If the contract is for more than the simplified acquisition threshold (see 2 C.F.R. § 200.88) at the time the contract is executed and does not provide for administrative, contractual, or legal remedies in instances where Consultant violates or breaches the terms of the contract, then the following termination clauses shall apply and have precedence over the contract. Otherwise, the following termination clauses shall not be applicable to the contract.
- (i) Termination for Convenience. The Agency may, by written notice to Consultant, terminate this contract for convenience, in whole or in part, at any time by giving written notice to Consultant of such termination, and specifying the effective date thereof (“Notice of Termination for Convenience”). If the termination is for the convenience of the Agency, the Agency shall compensate Consultant for work or materials fully and adequately provided through the effective date of termination. No amount shall be paid for unperformed work or materials not provided, including anticipated profit. Consultant shall provide documentation deemed adequate by the Agency to show the work actually completed or materials provided by Consultant prior to the effective date of termination. This contract shall terminate on the effective date of the Notice of Termination.
- (ii) Termination for Cause. If Consultant fails to perform pursuant to the terms of this contract, the Agency shall provide written notice to Consultant specifying the default (“Notice of Default”). If Consultant does not cure such default within ten (10) calendar days of receipt of Notice of Default, the Agency may terminate this contract for cause. If Consultant fails to cure a default as set forth above, the Agency may, by written notice to Consultant, terminate

this contract for cause, in whole or in part, and specifying the effective date thereof (“Notice of Termination for Cause”). If the termination is for cause, Consultant shall be compensated for that portion of the work or materials provided which has been fully and adequately completed and accepted by the Agency as of the date the Agency provides the Notice of Termination. In such case, the Agency shall have the right to take whatever steps it deems necessary to complete the project and correct Consultant's deficiencies and charge the cost thereof to Consultant, who shall be liable for the full cost of the Agency's corrective action, including reasonable overhead, profit and attorneys' fees.

- (iii) Reimbursement; Damages. The Agency shall be entitled to reimbursement for any compensation paid in excess of work rendered or materials provided and shall be entitled to withhold compensation for defective work or other damages caused by Consultant’s performance of the work.

- (iv) Additional Termination Provisions. Upon receipt of a Notice of Termination, either for cause or for convenience, Consultant shall promptly discontinue the work unless the Notice directs to the contrary. Consultant shall deliver to the Agency and transfer title (if necessary) to all provided materials and completed work, and work in progress including drafts, documents, plans, forms, maps, products, graphics, computer programs and reports. The rights and remedies of the parties provided in this Section are in addition to any other rights and remedies provided by law or under this contract. Consultant acknowledges the Agency’s right to terminate this contract with or without cause as provided in this Section, and hereby waives any and all claims for damages that might arise from the Agency’s termination of this contract. The Agency shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed work or materials not provided and shall not be entitled to damages or compensation for termination of work or supply of materials. If Agency terminates this contract for cause, and it is later determined that the termination for cause was wrongful, the termination shall automatically be converted to and treated as a termination for convenience. In such event, Consultant shall be entitled to receive only the amounts payable under this Section, and

Consultant specifically waives any claim for any other amounts or damages, including, but not limited to, any claim for consequential damages or lost profits. The rights and remedies of the Agency provided in this Section shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this contract including, but not limited to, the right to specific performance.

- (B) Appendix II to Part 200 (C) – Equal Employment Opportunity: Except as otherwise provided under 41 C.F.R. Part 60, Consultant shall comply with the following equal opportunity clause, in accordance with Executive Order 11246 of September 24, 1965 entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967 and implementation regulations at 41 C.F.R. Chapter 60:
- (i) Consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Consultant will take affirmative action to insure that applicants are employed and that employees are treated equally during employment, without regard to race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment upgrading, demotion, transfer, recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship. Consultant agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.
 - (ii) Consultant will, in all solicitations or advertisements for employees placed by or on behalf of Consultant, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, sex, or national origin.
 - (iii) Consultant will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job

functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with Consultant's legal duty to furnish information.

- (iv) Consultant will send to each labor union or representative of workers with which they have a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (v) Consultant will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (vi) Consultant will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to their books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (vii) In the event of Consultant's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No.11246 of Sept. 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No.11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- (viii) Consultant will include the provisions of paragraphs (i) through (viii) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will *be* binding upon each subcontractor or firm. Consultant will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however,* that in the event Consultant becomes involved in, or is threatened with, litigation with a subcontractor or firm as a result of such direction, Consultant may request the United States to enter into such litigation to protect the interests of the United States.

- (C) Appendix II to Part 200 (D) – Davis-Bacon Act; Copeland Act: Not applicable to this contract.

- (D) Appendix II to Part 200 (E) – Contract Work Hours and Safety Standards Act:
 - (i) If this contract is in excess of \$100,000 and involves the employment of mechanics or laborers, Consultant shall comply with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 C.F.R. Part 5). Under 40 U.S.C. 3702, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

 - (ii) No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such

work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

- (iii) In the event of any violation of the clause set forth in paragraph (ii) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (ii) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (ii) of this section.
- (iv) The Agency shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by Consultant or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (iii) of this section.
- (v) Consultant or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (ii) through (v) of this Section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The Contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (ii) through (v) of this Section.

(E) Appendix II to Part 200 (F) – Rights to Inventions Made Under a Contract or Agreement:

- (i) If the Federal award meets the definition of “funding agreement” under 37 C.F.R. § 401.2(a) and the non-Federal entity wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the non-Federal entity must comply with the requirements of 37 C.F.R. Part 401 (Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements), and any implementing regulations issued by the Agency.
- (ii) The regulation at 37 C.F.R. § 401.2(a) currently defines “funding agreement” as any contract, grant, or cooperative agreement entered into between any Federal agency, other than the Tennessee Valley Authority, and any contractor for the performance of experimental, developmental, or research work funded in whole or in part by the Federal government. This term also includes any assignment, substitution of parties, or subcontract of any type entered into for the performance of experimental, developmental, or research work under a funding agreement as defined in the first sentence of this paragraph.
- (iii) This requirement does not apply to the Public Assistance, Hazard Mitigation Grant Program, Fire Management Assistance Grant Program, Crisis Counseling Assistance and Training Grant Program, Disaster Case Management Grant Program, and Federal Assistance to Individuals and Households – Other Needs Assistance Grant Program, as FEMA awards under these programs do not meet the definition of “funding agreement.”

(F) Appendix II to Part 200 (G) – Clean Air Act and Federal Water Pollution Control Act: If this contract is in excess of \$150,000, Consultant shall comply with all applicable standards, orders, or requirements issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387).

- (i) Pursuant to the Clean Air Act, (1) Consultant agrees to comply with all applicable standards, orders or regulations issued pursuant to the

Clean Air Act, as amended, 42 U.S.C. § 7401 et seq., (2) Consultant agrees to report each violation to the Agency and understands and agrees that the Agency will, in turn, report each violation as required to assure notification to the Federal awarding agency and the appropriate Environmental Protection Agency Regional Office, and (3) Consultant agrees to include these requirements in each subcontract exceeding \$150,000.

- (ii) Pursuant to the Federal Water Pollution Control Act, (1) Consultant agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq., (2) Consultant agrees to report each violation to the Agency and understands and agrees that the Agency will, in turn, report each violation as required to assure notification to the Federal awarding agency and the appropriate Environmental Protection Agency Regional Office, and (3) Consultant agrees to include these requirements in each subcontract exceeding \$150,000.

(G) Appendix II to Part 200 (H) – Debarment and Suspension: A contract award (see 2 C.F.R. § 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 C.F.R. part 1986 Comp., p. 189) and 12689 (3 C.F.R. part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

- (i) This contract is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such Consultant is required to verify that none of Consultant, its principals (defined at 2 C.F.R. § 180.995), or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).
- (ii) Consultant must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
- (iii) This certification is a material representation of fact relied upon by Agency. If it is later determined that Consultant did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in

addition to remedies available to the Agency, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.

- (iv) Consultant warrants that it is not debarred, suspended, or otherwise excluded from or ineligible for participation in any federal programs. Consultant also agrees to verify that all subcontractors performing work under this contract are not debarred, disqualified, or otherwise prohibited from participation in accordance with the requirements above. Consultant further agrees to notify the Agency in writing immediately if Consultant or its subcontractors are not in compliance during the term of this contract.

- (H) Appendix II to Part 200 (I) – Byrd Anti-Lobbying Act: If this contract is in excess of \$100,000, Consultant shall have submitted and filed the required certification pursuant to the Byrd Anti-Lobbying Amendment (31 U.S.C. § 1353). If at any time during the contract term funding exceeds \$100,000.00, Consultant shall file with the Agency the Federal Standard Form LLL titled “Disclosure Form to Report Lobbying.” Consultants that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

- (I) Appendix II to Part 200 (J) – Procurement of Recovered Materials:
 - (i) Consultant shall comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000;

procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement.

- (ii) In the performance of this contract, Consultant shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired: Competitively within a timeframe providing for compliance with the contract performance schedule; Meeting contract performance requirements; or at a reasonable price.
- (iii) Information about this requirement, along with the list of EPA-designate items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.

5. MISCELLANEOUS PROVISIONS

- (A) Consultant shall not use the DHS seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA preapproval.
- (B) This is an acknowledgement that FEMA financial assistance will be used to fund the contract only. Consultant will comply with all applicable federal law, regulations, executive orders, FEMA policies, procedures, and directives.
- (C) Consultant acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to Consultant's actions pertaining to this contract.
- (D) The Federal Government is not a party to this contract and is not subject to any obligations or liabilities to the Agency, Consultant, any subcontractors or any other party pertaining to any matter resulting from the contract.
- (E) General and Administrative Expenses And Profit For Time And Materials Contracts/Amendments.
 - (i) General and administrative expenses shall be negotiated and must conform to the Cost Principles.

- (ii) Profit shall be negotiated as a separate element of the cost. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by Consultant, Consultant's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- (iii) Any agreement, amendment or change order for work performed on a time and materials basis shall include a ceiling price that Consultant exceeds at its own risk.

COLANTUONO
HIGSMITH
WHATLEY, PC

MICHAEL G. COLANTUONO | (530) 432-7359 | MCOLANTUONO@CHWLAW.US

Our File No. 10000.0191

March 6, 2022

VIA ELECTRONIC MAIL

Bradley Rahrer, PE
General Manager / District Engineer
Montecito Sanitary District
1042 Montecristo Lane
Montecito, CA 93108-2809

Nicholas Turner
General Manager
Montecito Water District
583 San Ysidro Road
Montecito, CA 93108-4124

Re: **Consent to Simultaneous Representation of Montecito Sanitary District
and Montecito Water District**

Dear Brad and Nick:

As I have discussed with Brad and Bob Cohen, the Montecito Sanitary District (Sanitary District) proposes to appoint my colleague Aleks Giragosian as its new General Counsel. We disclosed to the Sanitary District our special counsel relationships with Montecito Water District (Water District) and the Montecito Groundwater Basin Groundwater Sustainability Agency (GSA). We provide rate-making support to the Water District and support the GSA in the preparation and implementation of its sustainability plan, the adoption of revenue measures, and related governance issues; and the Sanitary District does not wish to impair those relationships. Accordingly, I write to request that both clients provide written consent to our simultaneous representation of the two.

To our knowledge, there is no present adversity between the two agencies, although there is discussion of a possible application to the Santa Barbara County Local Agency Formation Commission to consolidate the two into a single agency. The Water District signed a letter agreement for legal services with my colleague Holly O. Whatley to represent both agencies in that discussion, but the Sanitary District has not yet acted

420 SIERRA COLLEGE DRIVE, SUITE 140, GRASS VALLEY, CALIFORNIA 95945-5091 | (530) 432-7357

GRASS VALLEY | PASADENA | SACRAMENTO | SOLANA BEACH | SONOMA

on that proposal. Should our firm be asked to represent the Sanitary District or both Districts on such a proposal, I will discuss with you further consents to allow us to do so.

As we discussed, the informed written consent of all clients is required whenever a law firm represents clients with potentially or actually adverse interests, even in unrelated matters. California Rule of Professional Conduct 1.7 provides, in relevant part:

(a) A lawyer shall not, without the informed written consent* from each client and compliance with paragraph (d), represent a client if the representation is directly adverse to another client in the same or a separate matter.

...

(d) Representation is permitted under this rule only if the lawyer complies with paragraphs (a), (b), and (c), and:

(1) the lawyer reasonably believes* that the lawyer will be able to provide competent and diligent representation to each affected client;

(2) the representation is not prohibited by law; and

(3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or other proceeding before a tribunal.

(Terms followed by asterisks are defined elsewhere in the Rules.)

We believe we can represent each District while representing the other. The Water District has not looked to us to assist on any issue affecting the Sanitary District (other than the as-yet-unconsummated proposal to jointly hire Holly Whatley). The Sanitary District has not asked us to advise on any matter pertinent to our ratemaking work for the Water District or our services for the GSA and the relationship of the two Districts is generally cordial. Both Districts should note we will be unable to assert a claim before a court or another formal tribunal against any of our other clients. This will require special counsel if the Sanitary District should wish to sue the Water District and we cannot represent the Water District in a suit against the Sanitary District.

Montecito Sanitary District
Montecito Water District
March 6, 2022
Page 3

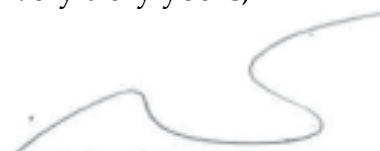
There is no factual overlap among the rate-making work we do for the Water District, the services we perform for the GSA, and the work we are to do for the Sanitary District. Nor are we aware of law which would prohibit our representing the Water District, the GSA and the Sanitary District in this way. We will not assert a claim before a tribunal against any client while serving the other.

Whether to grant this consent is a business judgment and each District may wish to seek legal advice independent of our firm regarding it. The pros that we see of granting this consent are that both Districts (and the GSA) will have access to our services, and each will have done a courtesy to the other. The cons we perceive include the potential that we will be viewed as having divided loyalties and the need for special counsel noted above. We think we can provide effective, able, and energetic service to all three clients notwithstanding these multiple representations, but that is a judgment each District must make for itself.

If you are comfortable providing the consent we seek, please sign this letter where indicated below and return it to me. If you would like to discuss it, or need further information, please let me know.

Thank you for the opportunity to represent you!

Very truly yours,



Michael G. Colantuono

MGC:mgc

cc: Bob Cohen, Montecito Water District General Counsel
Holly O. Whatley, Esq.
Aleks R. Giragosian, Esq.


I hereby consent to the simultaneous representation of the Montecito Sanitary District, the Montecito Water District, and the Montecito Groundwater Basin Groundwater Sustainability Agency as described above.

Montecito Sanitary District
Montecito Water District
March 6, 2022
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Montecito Sanitary District

By: _____
Name:
Title:
Date:

Montecito Water District

By:  _____
Name: □i□ Turner
Title: General Manager
Date: March □□2□22

Montecito Groundwater Basin Groundwater Sustainability Agency

By:  _____
Name: □i□ Turner
Title: General Manager
Date: March □□2□22



Montecito Sanitary District

1042 Monte Cristo Lane *A Public Service Agency*
Santa Barbara, CA 93108

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

MONTECITO SANITARY DISTRICT STAFF REPORT – 8C

DATE: June 22, 2023
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: Discussion on Board Room Design

RECOMMENDATION

It is recommended that the Board:

- i) Discuss and consider the scope for a redesign of the District's Board Room; and
- ii) Taking such additional, related action that may be desirable.

ANALYSIS

None.

FISCAL IMPACT

In Fiscal Year 2022-23, \$10,000 was budgeted for Furniture and Fixtures, of which a portion was allocated to redesigning the Board Room furniture and its arrangement. To date \$1,933 has been spent on non-Board room items, so there is budget left to do some modification if so desired.

ATTACHMENTS:

1. Montecito Sanitary District Board Room Renderings – Tri County Office Furniture

Montecito Sanitation District, Boardroom Furniture

Hon Omnia Contract

3qty 60" W x 24" D x 30"H tables in Florence Walnut and Charcoal legs/casters

2 qty 60" W x 30" D x 30"H tables in Florence Walnut and Charcoal legs/casters

7 qty Cofi chairs

Side table 24" square x 35" H

Credenza with 1 top

Total before sales tax and installation \$7,147.93



Cofi Chair Specifications

Overall:

Width 26" Depth 26" Height 36 1/4" – 41 1/4"

Advanced Synchro Tilt with seat slider to fit a wide variety of body types. Fixed arms.

Shown in Fog with black contrast stitching and black frame. Other colorways available.



Herman Miller Omina Contract

3 qty 60" W x 24" D x 30" H tables in Warm Grey Teak (rendering software is off on color) and graphite legs/casters

2 qty 60" W x 30" D x 30" H tables in Warm Grey Teak and graphite legs/casters

7 qty Setu chairs, Slate Grey and Graphite

Side table 36" W x 24" D x 30" H

Credenza

Total before sales tax and installation \$8,281.97



Setu Chair Specifications

Overall:

Height (in): 37.125

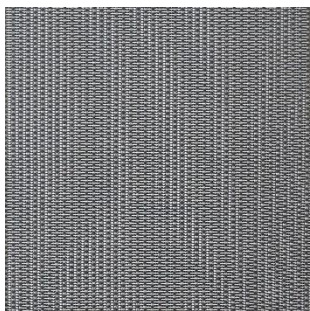
Width (in): 25

Depth (in): 17.25

Fixed arms.

Shown in Slate Grey and Graphite.

Other colorways available.



Finish
Graphite, G1





Montecito Sanitary District

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Santa Barbara, CA 93108

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

MONTECITO SANITARY DISTRICT STAFF REPORT – 8D

DATE: June 22, 2023
TO: Board of Directors
FROM: John Weigold, General Manager
SUBJECT: Discussion on Solar Options for the District

RECOMMENDATION

It is recommended that the Board:

- i) Discuss the District's opportunities to utilize solar power to help offset its electricity requirements; and
- ii) Taking such additional, related action that may be desirable.

ANALYSIS

None.

FISCAL IMPACT

None.

ATTACHMENTS: None



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

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

MONTECITO SANITARY DISTRICT STAFF REPORT – 9

DATE: June 22, 2023
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

I met with Darcel Elliott, Chief of Staff for County Supervisor Das Williams, and Scott McGolpin, Director of Santa Barbara County Public Works at our facility to discuss options for egress by the Music Academy of the West. I attended the monthly meeting of the Sanitation Agencies Managers Association (SAMA) at the El Estero Water Resource Center in Santa Barbara. Topics for discussion included wastewater surveillance, air quality, wastewater discharge, biosolids, and collection systems. Lastly, I met with executives of the Rosemont Miramar to discuss initial concept plans for the hotel's development of employee housing.

Human Resources Update

In June the Engineering Manager received a 5% merit increase to his regular salary.

Utility Bill Review

A review by Utility Cost Management, LLC has found no irregularities in our utility bills, however, they did find that the District has been charged the General Municipal Surcharge (GMS), which we will have removed from our electric bills. This will result in savings of approximately \$1000 annually.

January Storms Damage Projects Update

Staff has continued its meetings with FEMA and CalOES representatives to convey status of the projects. The District has retained the services of MGS General Engineering Inc to provide restore soils surrounding the exposed pipe within the Ennisbrook HOA. As part

of this effort, the District has also retained Rincon Consultants, Inc to provide emergency permitting support as well as biological monitoring services for the project. No further updates regarding the other three creek bank restoration projects.

Hwy 101 Sewer Crossing Lining Project

The Board awarded the project to Tierra Contracting on June 1, 2023. On June 2, 2023, Staff was notified by Caltrans' Utility Coordinator that the anticipated Utility Agreement (UA) to cost share the proposed mitigation efforts with Santa Barbara County Association of Governments (SBCAG) would not be ready in time prior to construction. This UA is required for the Caltrans Policy Exception to be approved by headquarters. The District was also informed Granite's construction would be pushed back to November. Staff has put the Notice to Proceed to Tierra on hold and has informed Tierra of the situation. Staff is evaluating next steps primarily based on the latest anticipated UA/Caltrans Policy Exception timeframe, Tierra and Caltrans/Granite's schedule, Staff time, and project cost.

Posilipo Force Main Relocation and Restoration – Phase 1

Construction work on this project began on June 12, 2023 and is anticipated to be complete by June 23, 2023.

Electrical System, SCADA System, and Blowers Assessment

Staff met with Consulting West as well as Taft Electric to review the existing electrical system, SCADA system, and blowers at our District facility on June 15, 2023. Staff plans to retain Consulting West's services to provide guidance to Staff to determine the extent of the project and provide a comprehensive scope of services to develop for an anticipated Request for Proposals for the design phase.

12-Month Effluent Flow / Rainfall

