



# Montecito Sanitary District

1042 Monte Cristo Lane  
Santa Barbara, CA 93108

*A Public Service Agency*

Phone: (805) 969-4200  
[www.montsan.org](http://www.montsan.org)

## BOARD PACKET

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For the Special Board Meeting of

**Wednesday, May 17, 2023**

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## **AGENDA**

For the Special Meeting of the Board on:

**May 17, 2023**

The special meeting of the Governing Board will begin at **12:00 p.m. on May 17, 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/82303132081>

Or by calling: 1-669-900-6833

Meeting ID: 823 0313 2081

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### **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. CONSENT CALENDAR**

The following items are to be approved or accepted by vote on one motion unless a Board member requests separate consideration:

- A. Payables from April 1, 2023 through April 30, 2023
- B. Board Meeting Minutes of April 5, 2023
- C. Board Meeting Minutes of April 12 and 13, 2023
- D. Board Meeting Minutes of April 28, 2023
- E. District Reserve Policy
  - i. Resolution 2023-967
  - ii. Transfer \$206,706 into the District's Local Agency Investment Fund
- F. Fiscal Year 2022-23 Unaudited Quarterly Financial Reports
- G. Resolution 2023-968 – Setting the Date, Time, and Place for the Annual Sewer Service Charge Hearing

**4. NEW BUSINESS**

**A. DISCUSSION ON SALARY SURVEY**

It is recommended that the Board:

- i. Discuss and consider scope and objectives as it relates to completing a salary study for the District; and
- ii. Taking such additional, related action that may be desirable.

**B. EASEMENTS (DISTRICT RIGHT-OF-WAYS)**

It is recommended that the Board:

- i. Discuss and consider actions for structures built on District Easements/Right-of-Ways; and
- ii. Taking any such additional, related action that may be desirable.

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

It is recommended that the Board:

- i. Discuss next steps as it relates to reviewing the MSD/MWD Draft Consolidation Report; and
- ii. Taking such additional, related action that may be desirable.

**D. BOARD POLICIES AND PROCEDURES**

It is recommended that the Board:

- i. Discuss the current Board Policies and Procedures Manual; and
- ii. Taking such additional, related action that may be desirable.

**5. 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 April 10, 2022 and April 25, 2022.

**6. GENERAL MANAGER'S REPORT**

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

**7. CLOSED SESSION**

**A. LABOR NEGOTIATIONS (GOVERNMENT CODE § 54957.6)**

**A. PUBLIC COMMENT**

Public comment on closed session item(s).

**B. CONFERENCE WITH LABOR NEGOTIATOR (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

**8. REPORT FROM CLOSED SESSION**

**9. ITEMS FOR FUTURE AGENDAS**

The next regularly scheduled Board meeting will be held on June 14, 2023 at 12:00 pm.

**10. ADJOURNMENT**

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

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



Stephen Williams

District Administrator/Clerk of the Board

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



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## BOARD LIST OF PAYABLES

<u>CHECK DATE</u>	<u>SUMMARY &amp; TYPE</u>	<u>BATCH TOTAL</u>
04/21/2023	ACCOUNTS PAYABLE	189,600.05
	<b>Subtotal</b>	<b>\$ 189,600.05</b>
04/21/2023	CAPITAL IMPROVEMENT PROJECTS	0.00
	<b>Subtotal</b>	<b>\$ 0.00</b>
04/02/2023	PAYROLL	87,850.80
04/16/2023	PAYROLL	83,413.72
04/30/2023	PAYROLL	83,413.72
	<b>Subtotal</b>	<b>\$ 254,678.24</b>
	<b><u>TOTAL</u></b>	<b><u>\$ 444,278.29</u></b>

\*All Invoices were reviewed and approved by Department Managers

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

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

**Check History Report**  
**Sorted By Check Number**  
**Activity From: 4/1/2023 to 4/30/2023**  
**MONTECITO SANITARY DISTRICT (MSD)**

<b>Bank Code: B OPERATING CASH (MBT)</b>				
<b>Check Number</b>	<b>Check Date</b>	<b>Name</b>	<b>Check</b>	<b>Description</b>
0000028317	4/21/2023	A-OK POWER EQUIPMENT-SB	104.38	Safety Gear, Cycle Oil
0000028318	4/21/2023	AQUATIC INFORMATICS INC.	4,500.00	WIMS Upgrade
0000028319	4/21/2023	ASPECT ENGINEERING GROUP	4,226.26	Engineering Services for SCADA System Assessment
0000028320	4/21/2023	AT&T MOBILITY	153.15	Standby Cellphone, L/S 4 Data Port-April
0000028321	4/21/2023	AZ SAFETY, LLC	1,420.00	Confined Space Training
0000028322	4/21/2023	ANDREW BECKER	3,077.00	Deposit Refund - 2070 East Valley Road
0000028323	4/21/2023	BIG GREEN CLEANING COMPANY	2,460.00	Janitorial Services-April
0000028324	4/21/2023	BOYD & ASSOCIATES	396.00	Quarterly Security Alarms Monitoring
0000028325	4/21/2023	CED ROYAL INDUSTRIAL SOLUTIONS	2,803.43	Influent Pump Station VFD Fans / Belt Press Feed Pump VFD's
0000028326	4/21/2023	CINTAS CORPORATION #684	2,051.66	Uniform, Towels, Floor Mats-Cleaning / Rental-March
0000028327	4/21/2023	CLEAN WATER SOCIAL	1,686.00	Annual Membership Dues FY 2023/24
0000028328	4/21/2023	COLANTUONO, HIGHSMITH & WHATLEY, PC	7,772.50	Legal Services-March
0000028329	4/21/2023	COMPUVISION COMMUNICATIONS	5,034.54	IT Services-March / Cloud Backup, NetAlert Managed Services, Office 365-May / Docking Station for Engineer
0000028330	4/21/2023	CORT	44.00	Deed Report-March
0000028331	4/21/2023	COX BUSINESS	160.39	Wireless Internet Services-April
0000028332	4/21/2023	CSRMA	73,631.00	Pooled Liability Insurance Premium Renewal 12/2022-12/2023
0000028333	4/21/2023	DATCO SERVICES CORPORATION	204.75	Quarterly DATCO Services
0000028334	4/21/2023	ENGEL & GRAY, INC	4,529.27	Biosolids Hauling-March
0000028335	4/21/2023	FISHER SCIENTIFIC	664.50	Lab Testing Supplies
0000028336	4/21/2023	FRONTIER	810.12	Phone Service for Lift Stations and Operations-April
0000028337	4/21/2023	GRAINGER	51.01	Operations Pump Fittings
0000028338	4/21/2023	HACH COMPANY	466.51	Lab Testing Supplies
0000028339	4/21/2023	HASA	16,536.27	Sodium Hypochlorite Chemical
0000028340	4/21/2023	INTERNATIONAL ACCREDITATION SERVICES	4,750.00	ELAP Required On-Site Lab Assessment
0000028341	4/21/2023	MARBORG INDUSTRIES	1,101.78	Refuse Disposal, Recycling, Dumpster Rental Roll Off-March
0000028342	4/21/2023	DANIEL MARTINEZ	681.25	Certification, Testing, Course, License Reimbursements
0000028343	4/21/2023	MONTECITO BANK & TRUST	1,151.04	March Credit Card Payment-Microsoft Teams, Domain Name, Meals for Staff during L/S 1 Emergency, CWEA Tri-County Workshop Registrations, Membership Dues
0000028344	4/21/2023	MCCORMIX CORP	647.13	Vehicle Fuel 04/01-04/15/2023
0000028345	4/21/2023	MOTION INDUSTRIES, INC	4,413.07	Grinder Motors Replacement, 8" Pumper Suction Fittings
0000028346	4/21/2023	MONTECITO WATER DISTRICT	746.65	Water Services-March
0000028347	4/21/2023	MONTECITO WATER DISTRICT	1,327.67	Truck Water Usage June-December 2022
0000028348	4/21/2023	OILFIELD ENVIRONMENTAL & COMPLIANCE	1,013.75	Outside Lab Analyses 04/13/23
0000028349	4/21/2023	PACIFIC RIM AUTOMATION INC.	1,731.00	Service Call to Troubleshoot Lift Station 4 SCADA System
0000028350	4/21/2023	PAYCHEX OF NEW YORK, LLC	314.10	Payroll Services-March
0000028351	4/21/2023	PURETEC INDUSTRIAL WATER	74.40	Water Softener Sodium Tank Exchange
0000028352	4/21/2023	SANTA BARBARA COUNTY CLERK-RECORDER	35.00	Agreement Recording Fees
0000028353	4/21/2023	S B HOME IMPROVEMENT CENTER	239.91	Unit #2 Spare Key, Lift Station Force Main Parts
0000028354	4/21/2023	SEIU LOCAL 620	379.32	Union Dues for Pay Period 04/16/23
0000028355	4/21/2023	SERVICEMASTER ANYTIME	27,969.30	Final Billing for Roof Demo and Repair due to Fallen Tree Damages 2021
0000028356	4/21/2023	SOCAL GAS	141.64	Gas Services-March
0000028357	4/21/2023	US STANDARD PRODUCTS	373.43	Safety Glasses, Disposable Gloves
0000028358	4/21/2023	STAPLES BUSINESS CREDIT	301.12	Laptop Power Supply, File Folders
0000028359	4/21/2023	BRYCE SWETEK	182.10	Boot Allowance Reimbursement
0000028360	4/21/2023	TAFT ELECTRIC COMPANY	575.00	On-Call Electrical Services
0000028361	4/21/2023	TRI-CO REPROGRAPHICS	343.17	Bond/Photo Paper, 2023 Sewer Mainline Maintenance Map
0000028362	4/21/2023	UNIVAR SOLUTIONS	7,560.14	Sodium Bisulfite Chemical
0000028363	4/21/2023	USA BLUE BOOK	484.96	Standard Methods Manual
0000028364	4/21/2023	JOHN WEIGOLD	280.38	Board Meeting Lunches Reimbursement
<b>Bank B Total:</b>			<b>189,600.05</b>	



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## MINUTES

For the Special Meeting of the Board on:

**April 5, 2023**

### 1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District (MSD) convened a special meeting of the Board at 2:07 pm on Wednesday April 5, 2023. The meeting was also broadcast using Zoom teleconferencing.

#### ATTENDANCE

##### *Board Members Present:*

Director Hogan, Director Martin, Director Ohlmann, and President Elwood Barrett

##### *Board Members Absent:*

Director Johnson

##### *Also Present and Participating:*

John Weigold, MSD General Manager

Stephen Williams, MSD District Administrator

Aleks Giragosian, Colantuono, Highsmith & Whatley, PC

### 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

**Reportable Action:** None

**Note:** President Ellwood Barrett left during Closed Session as he had another commitment.

### 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 February 8, 2023 at 12:00 pm.

Topics may include, but are not limited to, the following:

- Purchasing Resolution Discussion

### 6. ADJOURNMENT

The meeting adjourned at 4:56 p.m. ON MOTION by Director Hogan, Seconded by Director Ohlmann.

These minutes were presented for approval at the General Board Meeting on May 10, 2023.

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Ellwood Barrett, President

Minutes taken and prepared by:

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Stephen Williams  
District Administrator/Clerk of the Board





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## MINUTES

For the Regular Meeting of the Board on:

**April 12, 2023**

### 1. CALL TO ORDER

The Governing Board of the Montecito Sanitary District convened a regular meeting at 12:04 pm on Wednesday, April 12, 2023. The meeting was also broadcast using Zoom teleconferencing.

#### ATTENDANCE

##### *Board Members Present:*

Director Johnson, Director Martin, Director Ohlmann, and President Elwood Barrett

##### *Board Members Absent:*

Director Hogan

##### *Also Present and Participating:*

John Weigold, MSD General Manager  
Stephen Williams, MSD Clerk of the Board & District Administrator  
Aleks Giragosian, Colantuono, Highsmith & Whatley, PC

### 2. PUBLIC COMMENT

No members of the public addressed the Board.

### 3. CONSENT CALENDAR

ON MOTION by Director Ohlmann, Second by Director Johnson, the Board voted to approve the Consent Calendar containing the following items:

- A. Payables from March 1, 2023 through March 31, 2023
- B. Meeting Minutes from General Board Meeting of March 8, 2023
- C. Meeting Minutes from Special Board Meeting of March 23, 2023

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

**4. DISTRICT MERIT AND STEP RAISES**

The President of the Board of Directors pulled item 6E of the Agenda and moved it ahead of Item 4 – Closed Session.

The Board received a presentation from Staff and Legal Counsel regarding the District’s process and procedures for Merit and Step Increases. No actions were taken.

**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: Service Employees International Union (SEIU) Local 620

**6. REPORT FROM CLOSED SESSION**

The Board went into Closed Session at 1:30pm and came out of Closed Session at 5:18pm. There were no reportable actions.

ON MOTION by Director Ohlmann, Second by Director Martin, the Board of Directors adjourned the meeting and continued the meeting until April 13, 2023 at 10:00am.

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

The Board of Directors reconvened on Thursday April 13, 2023 at 10:25am:

**ATTENDANCE**

**Board Members Present:**

Director Johnson, Director Martin, Director Ohlmann, and President Elwood Barrett

**Board Members Absent:**

Director Hogan

**Also Present and Participating:**

John Weigold, MSD General Manager  
Stephen Williams, MSD Clerk of the Board & District Administrator  
Aleks Giragosian, Colantuono, Highsmith & Whatley, PC

**The Board of Directors went back into Closed Session at 10:32am and came back out at 12:34pm. There were no reportable actions.**

**7. DISTRICT BUSINESS ITEMS**

**A. RESOLUTION 2023-966 – CALIFORNIA UNIFORM CONSTRUCTION COST ACCOUNTING COMMISSION**

ON MOTION by Director Ohlmann, Second by Director Johnson, the Board voted to:

- i) Adopt Resolution 2023-966 declaring the District’s intent to become subject to the California Uniform Construction Cost Accounting Commission; and
- ii) Adopt Ordinance 21 – District Purchasing Guidelines.

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

**B. DISTRICT RESERVE POLICY**

The Board continued this item to the next Regular Meeting of the Board on May 10, 2023.

**C. DISCUSSION AND CONSIDERATION OF AMENDMENT 4 TO A PROFESSIONAL SERVICES AGREEMENT WITH MNS ENGINEERS, INC. FOR THE HIGHWAY 101 SEWER CROSSING RELOCATION PROJECT**

ON MOTION by Director Johnson, Second by Director Ohlmann, the Board voted to:

- i) Authorize the General Manager to execute Amendment No. 4 of the Professional Services Agreement with MNS Engineers, Inc. for additional engineering services in the amount of not to exceed \$23,805 related to the Highway 101 Sewer Crossing Relocation Project.

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

**D. LILAC/OAK GROVE DRIVE SEWER MAIN EXTENSION PROJECT NOTICE OF COMPLETION**

ON MOTION by Director Johnson, Second by Director Ohlmann, the Board voted to:

- i) Accept the Lilac/Oak Grove Drive Sewer Main Extension Project as complete and approving the issuance of a Notice of Completion for a total project cost of \$2,355,108.76.

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

**8. COMMITTEE REPORTS**

No committee reports were given as Board motioned for Adjournment.

**9. GENERAL MANAGER’S REPORT**

No General Manager’s report was given as the Board motioned for adjournment.

**10. ITEMS FOR THE NEXT AGENDA**

The next Board meeting will be a General Meeting of the Board on May 10, 2023. No discussion occurred related to items for the next agenda as the Board motioned for adjournment.

**11. ADJOURNMENT**

The meeting adjourned at 1:35 pm ON MOTION by Director Barrett.

These minutes were presented for approval at the General Board Meeting on May 10, 2023.

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Ellwood Barrett, President

Minutes taken and prepared by:

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Stephen Williams  
District Administrator/Clerk of the Board



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## MINUTES

For the Special Meeting of the Board on:

**April 28, 2023**

**1. CALL TO ORDER**

The Governing Board of the Montecito Sanitary District (MSD) convened a special meeting of the Board at 10:38 am on Tuesday April 28, 2023. The meeting was also broadcast using Zoom teleconferencing.

**ATTENDANCE**

**Board Members Present:**

Director Johnson, Director Martin, Director Ohlmann, and President Elwood Barrett

**Board Members Absent:**

Director Hogan

**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. CONSIDERATION OF AWARDING THE POSOLIPO FORCE MAIN RESTORATION AND RELOCATION PROJECT CONTRACT – PHASE I**

ON MOTION by Director Barrett, Seconded by Director Martin, the Board voted to authorize:

- i) The General Manager to execute a contract with Toro Enterprises Inc. for construction services related to the Posilipo Force Main Relocation and Restoration Project, Phase I, in the amount of \$186,000; and
- ii) The General Manager to approve expenditures of up to \$18,600 (10%) as a change order allowance for any necessary changes in scope of work; and
- iii) Determined that the action is not subject to California Environmental Quality Act (CEQA) pursuant to State CEQA Categorical Exemption 15302 (c) as well as Statutory Exemption 15282 (k) of the Public Resources Code Section 21080.21.

AYES: Directors Johnson, Martin, Ohlmann, and Barrett

NAYS: None

ABSTAIN: Director Hogan

ABSENT: None

4. **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. No topics were brought up for the next General Meeting but the Board declared their intention to hold a Special Meeting of the Board during the next week to discuss the Management Groups Proposal.

5. **ADJOURNMENT**

The meeting adjourned at 11:00 a.m. ON MOTION by Director Martin, Seconded by Director Johnson.

These minutes were presented for approval at the General Board Meeting on May 10, 2023.

---

Ellwood Barrett, President

Minutes taken and prepared by:

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Stephen Williams  
District Administrator/Clerk of the Board



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## MONTECITO SANITARY DISTRICT

### STAFF REPORT – 3E

**DATE:** May 17, 2023  
**TO:** Board of Directors  
**FROM:** John Weigold, General Manager  
Stephen Williams, District Administrator  
**SUBJECT:** District Reserve Policy

#### RECOMMENDATION

Staff recommends that the Board discuss and approve Resolution 2023-967 – District Reserve Policy to establish reserve funds for an Operations and Maintenance Reserve as well as a Capital Projects Reserve Fund. To achieve the level of reserves recommended by the Board the District also recommends that the Board authorize the transfer of \$206,706 to the Local Agency Investment Fund.

#### DISCUSSION

The Board has received several presentations from the District Administrator over the past couple months regarding adoption of an official reserve policy. Over the course of that time two specific reserve types were determined to be of benefit to the District and the Board, an Operations and Maintenance Reserve fund and a Capital Projects Reserve Fund. The Board directed staff to come back with an analysis of funding levels and the impacts those levels would have on the District's available operating cash balance.

As of December 31, 2022 the District held an available cash balance across all accounts of \$19,434,460, of which \$12,332,326 is held in Operations and Maintenance funds and \$7,102,134 in Capital Projects funds. The Operations and Maintenance funds includes \$2,032,675 in the District's current fund held with the State of California's Local Agency Investment Fund (LAIF). Below is a breakdown of the options as it relates to each reserve type.

#### Operations and Maintenance Reserve Fund

The Governmental Finance Officers Association (GROA) recommends an Operations and Maintenance Reserve Fund that has a balance equal to three to six months of operating expenditures. The District's Fiscal Year 2022-23 Operating Budget is \$5,160,763, so a summary of funding levels and their impact on current operating cash is provided below:

	O&M Reserve Level	Remaining Operating Cash
<b>3 Months</b>	\$ 1,290,191	\$ 10,928,448
<b>4 Months</b>	\$ 1,720,254	\$ 10,498,385
<b>5 Months</b>	\$ 2,150,318	\$ 10,068,321
<b>6 Months</b>	\$ 2,580,382	\$ 9,638,257

Pursuant to discussion at the last Board Meeting, it was recommended that the Reserve Level be set at \$1,500,000, which falls in line with GFOAs recommendation.

### Capital Projects Reserve Fund

The Governmental Finance Officers Association recommends a couple of different options for Capital Projects Reserve Fund funding. Two options are as follows:

- 1) A percentage (20-50%) of the average 5-year Capital Projects Budget or
- 2) A percentage (20-50%) of the average 5-year Capital Projects Expenditures

Since these levels are based on historical Capital Projects figures, those totals are as follows:

	Budget	Actual
<b>2021-22</b>	\$ 6,406,537	\$ 2,316,952
<b>2020-21</b>	5,649,000	1,100,787
<b>2019-20</b>	5,725,000	883,072
<b>2018-19</b>	2,955,000	1,572,580
<b>2017-18</b>	2,832,000	896,284
<b>5 Yr Average</b>	<b>\$ 4,713,507</b>	<b>\$ 1,468,348</b>

Based on the 5-year averages calculated above the various funding levels are detailed below:

Funding Level	Budget	Actual
<b>20%</b>	\$ 942,701	\$ 293,670
<b>30%</b>	\$ 1,414,052	\$ 440,504
<b>40%</b>	\$ 1,885,403	\$ 587,339
<b>50%</b>	\$ 2,356,754	\$ 734,174

Pursuant to discussion at the last Board Meeting, it was recommended that the Reserve Level be set at \$750,000 which falls in line with GFOAs recommendation.



**ANALYSIS**

After reviewing surrounding agencies reserve policies, the District's current insurance holdings, and the information gathered on mini master plans and maintenance reports, staff agrees with the recommended levels of \$1,500,000 for the Operations and Maintenance Reserve Fund and \$750,000 for the Capital Projects Reserve Fund. To achieve these levels of reserves the District will need to transfer \$206,706 to the Local Agency Investment Fund.

**FISCAL IMPACT**

No fiscal impact.

**ATTACHMENTS:**

1. Resolution 2023-967 – District Reserve Policy

## RESOLUTION NO. 2023-967

### RESOLUTION OF THE GOVERNING BOARD OF THE MONTECITO SANITARY DISTRICT ADOPTING A RESERVE POLICY

WHEREAS, the Governmental Finance Officers Association recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained for Generally Accepted Accounting Principles (GAAP) and budgetary purposes; and

WHEREAS, such guideline(s) should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period; and

WHEREAS, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level(s) prescribed.

NOW, THEREFORE, the Governing Board of the Montecito Sanitary District hereby resolves:

1. **Established:** The reserve funds set forth in Sections 3A and 3B are hereby established. The General Manager shall maintain those Reserve Funds in accordance with this policy. All dollar amounts indicated are 2023 dollars.

2. **Utilization:** The reserve funds so created will be utilized for the specific purposes set forth in this Resolution.

3. **Reserve Funds:**

A. Operations and Maintenance (O&M) Reserve Fund

**Purpose:** The Operations and Maintenance Reserve Fund is intended to provide a mechanism for the District to undertake immediately unanticipated operation and maintenance activities, including emergency repairs, for which funds are not otherwise immediately available.

**Funding:** The Operations and Maintenance Reserve Fund shall be funded by income from sources other than property tax. This fund should maintain a minimum balance of \$1,500,000. This amount is within the Government Finance Officers Associations recommended range of 3-5 months of Operating Expenditures.

**Administration:** The District shall hold the funds held in a separate, liquid account separate from the District's business operating accounts and may make recommendations to the Board to move monies into more advantageous accounts with Board approval.

**Use of Funds:** Monies held in the Operations & Maintenance Reserve Fund may be expended only upon authorization by the Board of Directors for unanticipated operating and maintenance activities, including, but not limited to, the following: repair of natural disaster-related damage to facilities (i.e. flood, earthquake, tsunami); unanticipated need to purchase chemicals; major emergency repair or replacement of equipment; unanticipated legal judgements; and any such matters that the Board deems reasonable. Upon request for use of funds the General Manager will detail the plan for replenishment.

B. Capital Projects Reserve Fund

Purpose: The Capital Projects Reserve Fund is intended to finance the reconstruction and replacement of the sanitation and sewerage facilities of the District which may be required from time to time due to wear, tear, and aging. It can also be utilized to fund the expansion/maintenance of the sanitation and sewerage facilities of the District to accommodate the demand for additional capacity.

Funding: The Capital Projects Reserve Fund shall be funded by income from property taxes and connection fees and may be funded with unrestricted sources of the Operations and Maintenance fund. This fund should maintain a minimum balance of \$750,000

Administration: The District shall hold the funds held in a separate, liquid account separate from the District’s business operating accounts and may make recommendations to the Board to move monies into more advantageous accounts with Board approval.

Use of Funds: Monies held in the Capital Projects Reserve Fund may be expended only upon authorization of the Board of Directors to ensure the strategic capital needs of the District are met. This includes, but is not limited to, repair to existing infrastructure, relocation of infrastructure, work completed towards a septic to sewer plan, unforeseen events, and any such matters that the Board deems reasonable. Upon request for use of funds the General Manager will detail the plan for replenishment.

**PASSED AND ADOPTED** by the Governing Board of the Montecito Sanitary District on the 17<sup>th</sup> day of May, 2023 by the following vote:

**AYES:** None  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** None

\_\_\_\_\_  
Board President  
Ellwood Barrett

ATTEST:

\_\_\_\_\_  
Clerk of the Board  
Stephen Williams

(SEAL)





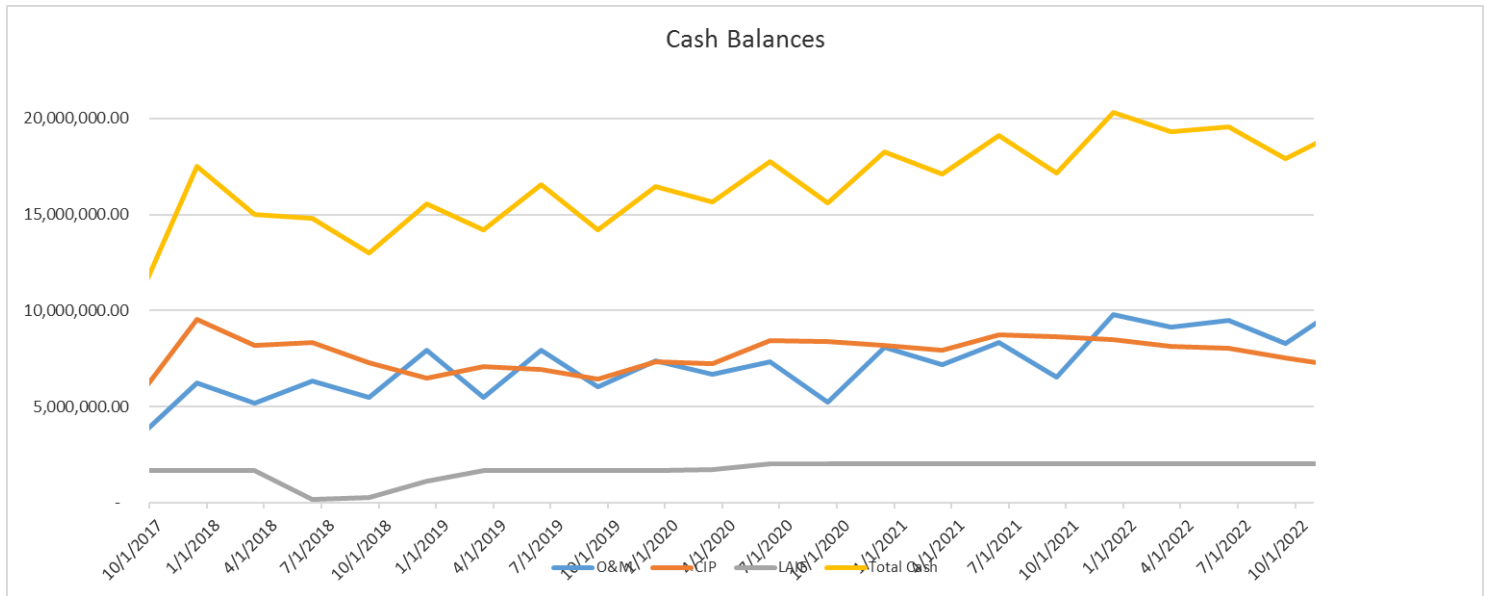
**Fiscal Year 2022-23 Unaudited Second Quarter  
Financial Summary Memo**

**For the Period Ended 12/31/2022**

## FINANCIAL HEALTH AND CASH POSITIONS

As of December 31, 2022, the District is in a sound financial position. It maintains a healthy cash balance sufficient to cover its short term and long term obligations. The District also maintains an unofficial reserve balance of approximately **\$2M** in its LAIF account, which is equal to approximately **4.65** months of Operations & Maintenance (O&M) expenditures (currently **\$430,063** per month). Typical business practice is to hold at least 3-6 months of cash on hand for emergencies, along with adequate insurance holdings. Based on this metric the District is within that range with its LAIF account.

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



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

	Balance at 9/30/2022	Balance at 12/31/2022	Difference
Operations & Maintenance	\$ 8,306,833	\$ 10,299,189	\$ 1,992,356
Capital Improvement Projects	7,562,507	7,102,134	(460,373)
LAIF (Reserve)	2,025,781	2,032,674	6,893
<b>Total Available Cash</b>	<b>\$ 17,895,121</b>	<b>\$ 19,433,997</b>	<b>\$ 1,538,876</b>

## REVENUES

For Fiscal Year 2022-23, the District expects approximately \$7.4M in revenues between its two main revenue types: Operating and Non-operating revenue. The District receives 96% of its revenues through two allocations from the County of Santa Barbara’s Property Tax apportionment, in December and April. The District received approximately \$3,935,000 in its first apportionment from the County and expects another approximately \$3,500,000 in April 2023. The District has sufficient cash on hand to handle the timing of revenues, so no temporary borrowing is necessary for the District to meet its obligations.

Table 1 below shows the breakdown of revenue received for the period ending December 31, 2022.

## OPERATIONS & MAINTENANCE BUDGET TO ACTUAL SUMMARY

### OPERATING AND NONOPERATING REVENUES

	2022-23 Budget	2022-23 Actuals	Difference
<b>Operating Revenues</b>			
Service Charges	\$ 6,600,000	\$ 3,549,596	\$ (3,050,404)
Connection Fees	100,000	83,708	(16,292)
Other Services	75,000	11,556	(63,444)
<b>Total Operating Revenues</b>	<b>\$ 6,775,000</b>	<b>\$ 3,644,860</b>	<b>\$ (3,130,140)</b>
<b>Nonoperating Revenues</b>			
Property Taxes	\$ 665,000	\$ 399,940	\$ (265,060)
Interest Income	-	62,565	62,565
<b>Total Nonoperating Revenues</b>	<b>\$ 665,000</b>	<b>\$ 462,505</b>	<b>\$ (202,495)</b>
<b>Total Revenues</b>	<b>\$ 7,440,000</b>	<b>\$ 4,107,365</b>	<b>\$ (3,332,635)</b>

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

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

#### Operating and Non-operating Revenue Noteworthy Items:

- Sewer Service Charges - The District's primary source of revenues comes from Sewer Service Charges.** The District submitted all Sewer Service Charges to the County for inclusion on connected properties Property Tax bills in early July. This method saves a substantial amount of administrative time having to bill, collect, and reconcile over 3,000 sewer service bills to customers. Total amount reported to the Auditor was **\$6,717,577**, so Staff anticipates Sewer Service Charges revenue coming in higher than budgeted for Fiscal Year 2022-23. This increase is mostly attributed to our Commercial account holders as a result of increased water usage coming out of the pandemic.
- Connection Fees** – The District has seen a higher number of connection fees processed in the first quarter of the fiscal year than anticipated. These properties have paid for their connection fees through the permitting process and will be included in the Property Tax Roll in the next fiscal year. The District also anticipates a sewer main extension project to be completed during FY 2022-23 to serve an additional 23 parcels. Once a Notice of Completion is approved by the Board it is expected the District will begin receiving a portion of the connection fees for the project.
- Property Tax** – The District's ½ of 1% Property Tax Revenue is collected in the same manner as the Sewer Service Charges. During the second quarter the County released estimated property tax revenue figures and the District is expected to receive **\$720,423**, which is **\$55,423** higher than budgeted for Fiscal Year 2022-23.

## OPERATING EXPENDITURES

	2022-23 Budget	2022-23 Actuals	Difference	% of Budget
<b>Operating Expenditures</b>				
Salaries and Benefits	\$ 3,143,763	\$ 1,506,638	\$ 1,637,125	48%
Insurance	86,000	35,043	50,957	41%
Maintenance & Repairs	180,000	47,312	132,688	26%
Goods & Supplies	148,500	50,951	97,549	34%
Professional Services	360,000	99,362	260,638	28%
Administrative Costs	385,000	114,606	270,394	30%
Plant & Lab Operating Costs	538,000	241,337	296,663	45%
Safety, Training, & Travel	53,500	11,924	41,576	22%
Utilities	266,000	125,991	140,009	47%
<b>Total Operating Expenditures</b>	<b>\$ 5,160,763</b>	<b>\$ 2,233,164</b>	<b>\$ 2,927,599</b>	<b>43%</b>

The District's Operations and Maintenance expenditure budget is lower than anticipated with what the District anticipated for end of Q2.

Salaries and Benefits expenditures are sitting at approximately **48%** of utilization, even with a large Unfunded Actuarial Liability (UAL) payment being made during the first quarter. That being said, Labor Negotiations for the Represented and Management group have not been settled and will inevitably have an impact on that figure. A Budget revision may be in order at that time, but will be dependent on what the settlements look like.

Services and Supplies budget has utilized approximately **36%** of the anticipated budget at the end of the second quarter. With the transition to a new General Manager many of the special projects that were planned to begin in FY 2022-23 may no longer be a top priority, so a deeper analysis of what the potential fiscal impacts will be available during the third quarter report.

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

### Operating Expenditures Noteworthy Items:

- 6400 – CalPERS Contribution** – Every year the District elects to prepay its UAL in July rather than paying in monthly installments in order to save money. This large expenditure early in the year is causing the percentage of budget utilized to be high, however, based on the UAL payment and estimated contributions for the rest of the fiscal year the District expects to be slightly under budget at year end.
- 7461 – Professional Services – Legal** – This line item will now only track costs for the District's General Legal Counsel (Colantuonno Highsmith & Whatley). Based on current costs realized through the first quarter and a normal utilization of our General Legal Counsel, Staff expects to exceed the increased budget for FY 2022-23. As the District is healthy at the object level, Staff does not anticipate a budget revision to be needed, however, we will continue to monitor this item throughout the year.

- **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. Current period costs are in alignment with what the District budgeted for the fiscal year.
- **7467 – Professional Services – Special Legal Counsel** – This new line item for Fiscal Year 2022-23 tracks costs associated with special legal counsel hired by the District for special projects. Currently, that is Liebert, Cassidy, and Whitmore for work performed on negotiations with SEIU Local 620. The District entered into a not to exceed contract for \$25,000, of which the District is currently under that budget at the end of the second quarter. There is still much work to do as it relates to negotiations and finalizing a Memorandum of Understanding, so Staff will continue to monitor the contract and inform the Board of any need to increase at the appropriate time. No expenditures have been made for legal review from Colantuono, Highsmith and Whatley as it relates to analysis performed for the Special District Consolidation Feasibility Study.
- **7510 - Contracted Services/Labor** - The District paid its annual Smartcover System Service Warranty in September totaling \$31,560. This large expenditure early in the year is causing the percentage of budget utilized to be high, however, this was planned for during the budget process and the remaining transactions are expected to be within the budgeted amount.
- **7653 – Chemicals** – Plant chemicals costs associated with the delivery of sodium hypochlorite (Hypo) and sodium bisulfate (Bisulfate) used for the disinfection process are one of the largest expenditure categories in the operation and maintenance budget. The District’s supplier, Univar, has provided both chemicals since 2010. Since then, prices have trended very closely with inflation. This fiscal year has been a period of hyper-inflation, and as such, Univar has instituted multiple price increases totaling 16% for Hypo and 14% for Bisulfate. District staff completed a Request for Quote for both chemicals and began receiving more advantageous terms (namely a guarantee of future cost increases not exceeding certain thresholds) near the end of quarter 2.

### CAPITAL IMPROVEMENTS PROJECTS

The District maintains separate Capital Improvement Project band of accounts from its Operations and Maintenance funds. As of the end of the period the balance held in CIP accounts totals **\$6,582,791**.

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

	2022-2023 Approved Budget	2022-23 Expenditures Through 12/31/2022
<b>Collections</b>	\$ 2,638,445	\$ 1,031,436
<b>Lift Stations</b>	\$ 140,000	\$ -
<b>Treatment &amp; Laboratory</b>	\$ 2,026,000	\$ 77,599
<b>Facilities</b>	\$ 117,500	\$ -
<b>Sewer Main Extensions</b>	\$ 70,000	\$ -
<b>Recycled Water</b>	\$ -	\$ 5,138
<b>Total</b>	<b>\$ 4,991,945</b>	<b>\$ 1,114,173</b>



The following highlights noteworthy capital expenditures for Q2 and Attachment C provided includes all CIP activity through the period ending December 31, 2022.

- **FY 2021-22 Carryover – Lilac-Oak Grove Sewer Main Extension** –A large portion of Collections CIP expenditures for Q2 was for the Lilac-Oak Grove Sewer Main Extension project. Staff are in the process of finalizing invoicing for the project and a Notice of Completion will be brought to the Board in early 2023. Once the Notice of Completion is issued, Staff can notify the participating property owners and begin the process of collecting reimbursements of the proportionate construction costs.
- **FY 2021-22 Carryover – Highway 101 Sewer Main Relocation – Design** – Staff continued working with MNS Engineers to finalize the design and bid the project. Design costs for work in Q2 totaled 58,368.

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

In May 2017 the District refunded its 2007 Certificates of Participation (COP). The District will make two payments on its bond during Fiscal Year 2022-23 totaling \$936,500. Of this total \$685,000 will be applied to principal and \$251,500 will be applied to interest.

### **ANNUAL DEPRECIATION FUNDING**

Annually, District’s Operations & Maintenance accounts contribute to the Capital Replacement Fund. Typically, this contribution has been based on the prior fiscal year’s annual depreciation expense. The current year contribution based on the Fiscal Year 2020-21 Financial Audit was \$1,228,291. Once the Fiscal Year 2021-22 audit is finalized the figure used for the coming year will be known. Staff expects it to be similar to last year’s figure as there were minor assets added to our Capital Asset inventory during Fiscal Year 2021-22.

#### **Attachments:**

- Attachment A – Quarterly Cash and Investments Holdings as of **12/31/2022**
- Attachment B – Quarterly Operations & Maintenance Expenditure Status Report as of **12/31/2022**
- Attachment C – Quarterly Capital Improvement Projects Expenditure Status Report as of **12/31/2022**
- Attachment D – Quarterly Investment Certification

**FY2022-23 Quarterly Cash and Investment Activity  
Quarter 1**

	<u>10/1/2022</u>	<u>Income</u>	<u>Interest</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Withdrawals</u>	<u>12/31/2022</u>	<u>Net Change</u>	
<b>Investment Accounts</b>									
Cash with LAIF	2,025,781		6,893				2,032,674	6,893	Quarterly Interest: \$6,893
Cash with County-Operating	7,856,212	3,935,477	16,586		(2,150,000)	(125,750)	9,532,525	1,676,313	Property Tax/SSCs: \$3,935,477 Quarterly Interest: \$16,586 Transfers to MBT O&M: \$12,150,000 Debt Service Payment: \$125,750
Cash with County - Capital Replacement	6,149,302		12,551		(500,000)		5,661,853	(487,449)	Quarterly Interest: \$12,551 Transfers: \$500,000 to MBT CIP
Cash with County-Retiree Medical	184,983		367				185,350	367	Quarterly Interest: \$367
<b>Cash Accounts</b>									
MBT Operating account	151,701	57,997		2,150,000	(500,000)	(1,391,610)	468,088	316,387	Income: connection, permit, & other fees Transfers In: \$2,150,000 from County O&M Transfers Out: \$500,000 to MBT CIP Withdrawals: O&M Expenses
MBT Capital Improvement account	433,488			1,000,000		(968,237)	465,252	31,763	Transfers: \$1,000,000 from County CIP Withdrawals: Pmts on Capital Projects
Revolving fund account	1,400					(972)	428	(972)	Withdrawals: payments on O&M expenses paid outside normal processing
Insurance Reimbursement Acct	112,287		261				112,548	261	Quarterly Interest: \$261
MBT Recycled Water account	979,717		2,448			(7,135)	975,029	(4,688)	Withdrawals: pmts on Recycled Water Projects
Petty Cash	250						250	-	
<b>Total Cash &amp; Investment accounts</b>	<b>17,895,122</b>	<b>3,993,474</b>	<b>39,107</b>	<b>3,150,000</b>	<b>(3,150,000)</b>	<b>(2,493,704)</b>	<b>19,433,998</b>	<b>1,538,876</b>	

**MONTECITO SANITARY DISTRICT OPERATIONS AND MAINTENANCE EXPENDITURE STATUS REPORT**  
**FOR THE PERIOD ENDED 12/31/2022**

		2022-23 BUDGET	2022-23 ACTUALS	VARIANCE	% OF BUDGET
<b>OPERATING EXPENDITURES</b>					
<b>SALARIES AND BENEFITS</b>					
6100	STAFF SALARIES	\$ 1,910,563.00	\$ 933,576.58	\$ 976,986.42	49%
6105	BOARD SALARIES	52,800.00	20,240.00	32,560.00	38%
6108	AUTO ALLOWANCE - GM	3,600.00	1,800.00	1,800.00	50%
6270	STANDBY PAY	33,000.00	16,425.00	16,575.00	50%
6300	OVERTIME	30,000.00	-	30,000.00	0%
6400	PERS CONTRIBUTION	435,000.00	295,691.28	139,308.72	68%
6410	EMPLOYEE BENEFITS	65,000.00	25,800.33	39,199.67	40%
6500	FICA CONTRIBUTION	117,000.00	55,503.56	61,496.44	47%
6510	MEDICARE	27,500.00	13,743.57	13,756.43	50%
6520	UNEMPLOYMENT TAX - STATE	3,500.00	491.39	3,008.61	14%
6600	GROUP MEDICAL - ACWA	325,000.00	111,399.27	213,600.73	34%
6605	RETIREE MEDICAL BENEFITS	25,000.00	10,220.67	14,779.33	41%
6610	LIFE INSURANCE - ACWA	7,300.00	2,602.00	4,698.00	36%
6615	DISABILITY INS - STANDARD	26,000.00	7,855.18	18,144.82	30%
6620	WORKER'S COMPENSATION	50,000.00	3,553.00	46,447.00	7%
6640	DENTAL INSURANCE - ACWA	21,000.00	5,322.40	15,677.60	25%
6650	UNIFORM SERVICE - MISSION	11,500.00	2,413.43	9,086.57	21%
	<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$ 3,143,763.00</b>	<b>\$ 1,506,637.66</b>	<b>\$ 1,637,125.34</b>	<b>48%</b>
<b>SERVICES AND SUPPLIES</b>					
7090	INS (GEN LIAB/AUTO/E&O) - CSRMA	\$ 60,000.00	\$ (1,092.12)	\$ 61,092.12	-2%
7091	PROPERTY INSURANCE	15,000.00	25,878.08	(10,878.08)	173%
7093	INS (EMP DISHONESTY BOND) - CSRMA	1,000.00	849.00	151.00	85%
7094	INS (MOBILE EQUIP) - CSRMA	10,000.00	9,408.00	592.00	94%
7110	EMPLOYEE PHYSICALS	2,500.00	892.50	1,607.50	36%
7121	PROPERTY MAINTENANCE	65,000.00	25,782.97	39,217.03	40%
7122	VEHICLE MAINTENANCE	13,000.00	6,285.63	6,714.37	48%
7126	COLL - EQUIPMENT RENTAL	1,000.00	-	1,000.00	0%
7127	COLL - SAFETY EQUIPMENT/SUPPLIES	8,000.00	222.80	7,777.20	3%
7129	LIFT STATION PARTS	30,000.00	5,939.16	24,060.84	20%
7133	VACCON EQUIPMENT & REPAIRS	15,000.00	2,509.01	12,490.99	17%
7134	CCTV EQUIPMENT/REPAIRS	15,000.00	1,060.09	13,939.91	7%
7136	COLL - MISC COLLECTION TOOLS	10,000.00	1,571.13	8,428.87	16%
7138	JETTER TRUCK EQUIP / REPAIRS	8,000.00	2,778.60	5,221.40	35%
7150	MECHANICAL MAINTENANCE	5,000.00	691.44	4,308.56	14%
7200	GENERAL OPERATING SUPPLIES	10,000.00	4,350.22	5,649.78	44%
7201	DRINKING WATER	2,500.00	815.50	1,684.50	33%
7202	GLOVES	8,000.00	3,155.70	4,844.30	39%
7205	COMMUNITY & EMPLOYEE GOODWILL	6,000.00	510.83	5,489.17	9%
7220	MAILING/SHIPPING EXPENSES	5,000.00	450.81	4,549.19	9%
7430	MEMBERSHIPS	60,000.00	29,069.17	30,930.83	48%
7440	MISCELLANEOUS EXPENSES	2,500.00	-	2,500.00	0%
7450	OFFICE EXPENSES	15,000.00	4,268.90	10,731.10	28%
7452	SCANNING & SHREDDING	10,000.00	-	10,000.00	0%
7454	BOOKS/SUBSCRIPTIONS/STUDY GUIDES	2,000.00	35.00	1,965.00	2%
7456	COMPUTER HARDWARE/SOFTWARE/LICENSING	37,500.00	8,295.01	29,204.99	22%
7461	PROFESSIONAL SERVICES/FEES - LEGAL	70,000.00	49,333.58	20,666.42	70%
7462	PROFESSIONAL FEES - ACCOUNTING	45,000.00	19,712.00	25,288.00	44%
7463	PROF SERVICES - ENGINEERING	50,000.00	-	50,000.00	0%
7464	PROFESSIONAL FEES - COMPUTER/GIS	60,000.00	16,559.81	43,440.19	28%
7466	PROF SERVICES - HUMAN RESOURCES	10,000.00	6,106.20	3,893.80	61%
7467	PROF SERVICES - SPECIAL LEGAL COUNSEL	50,000.00	7,650.00	42,350.00	15%
7500	PUBLIC OUTREACH	75,000.00	-	75,000.00	0%
7506	ADMINISTRATIVE FEES	30,000.00	9,734.37	20,265.63	32%
7508	COLLECTION/TREATMENT FINES	10,000.00	-	10,000.00	0%
7510	CONTRACTED SERVICES/LABOR	95,000.00	65,499.28	29,500.72	69%
7530	ADS/NOTICES FOR PUBLICATION	3,000.00	1,626.25	1,373.75	54%
7610	FURNITURE/FIXTURES	10,000.00	1,149.62	8,850.38	11%
7641	NPDES PERMIT EXPENSES-LAB	15,000.00	10,058.04	4,941.96	67%
7645	NPDES PERMIT REQUIREMENTS - OPERATIONS	50,000.00	15,414.00	34,586.00	31%
7650	ELECTION EXPENSES	7,000.00	-	7,000.00	0%
7651	ANALYZER CHEMICALS		1,752.74	(1,752.74)	#DIV/0!
7652	BIOSOLIDS DISPOSAL	60,000.00	28,682.72	31,317.28	48%
7653	CHEMICALS	220,000.00	143,102.84	76,897.16	65%
7654	GENERATOR SERVICE	10,000.00	689.66	9,310.34	7%
7655	HAZARDOUS MATERIALS DISPOSAL	2,000.00	-	2,000.00	0%
7656	PLANT EQUIPMENT RENTAL	5,000.00	-	5,000.00	0%

7657	PLANT MAINTENANCE MATERIALS	75,000.00	42,897.28	32,102.72	57%
7658	PLANT MAINTENANCE PROJECTS	5,000.00	-	5,000.00	0%
7659	PLANT SAFETY EXPENSES	5,000.00	471.10	4,528.90	9%
7661	POLYMER	10,000.00	-	10,000.00	0%
7662	SMALL TOOLS/EQUIP	4,000.00	3,045.16	954.84	76%
7670	SPECIAL PROJECTS	115,000.00	-	115,000.00	0%
7671	ASSET MANAGEMENT	100,000.00	-	100,000.00	0%
7675	COVID-19 EXPENSES	35,000.00	10,111.88	24,888.12	29%
7700	LAB CONSUMABLES-SMALL EQUIPMENT	32,000.00	8,238.67	23,761.33	26%
7702	LAB EQUIPMENT MAINTENANCE	10,000.00	7,914.47	2,085.53	79%
7703	CONTRACT LAB ANALYSES	10,000.00	5,013.80	4,986.20	50%
7704	ELAP ACCREDITATION	-	120.35	(120.35)	#DIV/0!
7722	BOARD TRAINING/CONF REGISTRATION	2,500.00	-	2,500.00	0%
7723	BOARD MEETINGS/TRAVEL EXPENSES	1,000.00	-	1,000.00	0%
7724	STAFF TRAINING/CONF REGISTRN	15,000.00	4,725.00	10,275.00	32%
7725	STAFF TRAVEL EXPENSES	15,000.00	2,560.46	12,439.54	17%
7726	STAFF CERTIFICATIONS/LICENSES	8,000.00	1,563.00	6,437.00	20%
7727	OSHA REQUIRED TRAINING	5,000.00	1,235.00	3,765.00	25%
7728	SAFETY BOOT ALLOWANCE	4,500.00	1,743.16	2,756.84	39%
7729	APPAREL AND UNIFORMS	2,500.00	-	2,500.00	0%
7731	LOCAL MEETING EXPENSES	2,500.00	97.20	2,402.80	4%
7740	FUEL AND OIL	25,000.00	9,922.42	15,077.58	40%
7761	WATER	15,000.00	4,090.21	10,909.79	27%
7762	NATURAL GAS	5,000.00	1,447.80	3,552.20	29%
7763	ELECTRICITY	175,000.00	88,543.81	86,456.19	51%
7766	TRASH / RECYCLING	16,000.00	8,570.31	7,429.69	54%
7767	TELEPHONE - LOCAL/LD	18,000.00	7,368.39	10,631.61	41%
7768	TELEPHONE CELLULAR	12,000.00	6,048.37	5,951.63	50%
	<b>TOTAL SERVICES AND SUPPLIES</b>	<u>\$ 2,017,000.00</u>	<u>\$ 726,526.38</u>	<u>\$ 1,290,473.62</u>	<u>36%</u>
	<b>TOTAL OPERATING EXPENDITURES</b>	<u>\$ 5,160,763.00</u>	<u>\$ 2,233,164.04</u>	<u>\$ 2,927,598.96</u>	<u>43%</u>

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

Adopted by the Board on June 23, 2022

**Collections:**

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 12/31/2022
<b>FY2021-2022 Carryover</b>	Highway 101 Sewer Main Relocation - Design	\$ 194,127	\$ -	\$ 89,445	\$ 58,368
<b>FY2021-2022 Carryover</b>	Lilac-Oak Grove Sewer Main Extension	\$ 2,051,473	\$ 1,564,325	\$ 750,000	\$ 896,256
C001	Collection System Condition Assessment & Prioritization Plan	\$ 40,000		\$ 40,000	
C002	Highway 101 Sewer Main Relocation - Construction	\$ 860,000		\$ 860,000	
C003	Olive Mill/San Ysidro Roundabout Relocation	\$ 250,000		\$ 250,000	\$ 21,225
C004	Large Diameter Sewer Main Rehabilitation	\$ 875,000		\$ 75,000	
C005	Manhole Rehab lining project	\$ 25,000		\$ 25,000	
CMAN	Manhole Adjustments	\$ 60,000	\$ -	\$ 60,000	\$ 28,405
CEME	Collection System Emergency Repairs	\$ 30,000	\$ -	\$ 30,000	\$ 27,182
CEQU	Equipment Replacement	\$ 459,000		459,000	
<b>Collections Subtotal</b>			<b>\$ 1,564,325</b>	<b>\$ 2,638,445</b>	<b>\$ 1,031,436</b>

**Lift Stations:**

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 9/30/2022
L001	Lift Station Condition Assessment & Prioritization Plan	\$ 50,000		\$ 50,000	
L002	Channel Lift Station Improvement	\$ 60,000		\$ 60,000	
LEME	Lift Station Emergency Repairs	\$ 30,000		\$ 30,000	
<b>Lift Stations Subtotal</b>			<b>\$ 1,564,325</b>	<b>\$ 140,000</b>	<b>\$ -</b>

**Treatment & Laboratory:**

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 9/30/2022
T001	Electrical Rehabilitation & Aeration Blower Replacement Project	\$ 1,440,000		\$ 1,440,000	\$ 356
T002	Skimmer troughs replacement	\$ 140,000		\$ 140,000	\$ 20,912
T003	SCADA Implementation	\$ 100,000		\$ 75,000	
T004	Disinfection Process -Pumps Replacement	\$ 40,000		\$ 40,000	\$ 51,070
T005	IPS Channel Improvements	\$ 141,000		\$ 141,000	
T006	Grinder No. 2 Replacement	\$ 40,000		\$ 40,000	
TEME	Treatment O/M Emergencies	\$ 100,000		\$ 100,000	
TEQU	Equipment Replacement	\$ 50,000	\$ -	\$ 50,000	\$ 5,261
<b>Treatment Subtotal</b>			\$ -	\$ 2,026,000	\$ 77,599

**Facilities:**

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 9/30/2022
F001	Roof for Admin/Operations Building	\$ 65,000		\$ 65,000	
F002	Maintenance Gate controller with new keypads	\$ 13,500		\$ 13,500	
F003	Main Gate replacement with motorized gate and keypads	\$ 24,000		\$ 24,000	
F004	Remodel Men's Restroom in Maintenance Building	\$ 15,000		\$ 15,000	
<b>Facilities Subtotal</b>			\$ -	\$ 117,500	\$ -

**Sewer Main Extensions:**

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 9/30/2022
S001	Septic to Sewer Strategic Plan (Alisos/Ashley & E Mountain 30% Design)	\$ 70,000		\$ 70,000	
<b>Sewer Main Extensions Subtotal</b>			\$ -	\$ 70,000	\$ -

**Recycled Water:**

Project No.	Description	Estimated Project Cost	Project Expenditures Through 6/30/2022	2022-23 Approved Budget	Project Expenditures Through 9/30/2022
T011	Recycled Water Final Design, Update CDP, and Title 22 Report for first phase	Unknown		\$ -	\$ 568
T012	Recycled Water Construction for first phase	Unknown		\$ -	\$ 4,571
T008	Recycled Water Construction for remaining phases	Unknown		\$ -	
<b>Recycled Water Subtotal</b>			\$ -	\$ -	\$ 5,138

	2022-2023 Approved Budget	2022-23 Expenditures Through 9/30/2022
<b>Collections</b>	\$ 2,638,445	\$ 1,031,436
<b>Lift Stations</b>	\$ 140,000	\$ -
<b>Treatment &amp; Laboratory</b>	\$ 2,026,000	\$ 77,599
<b>Facilities</b>	\$ 117,500	\$ -
<b>Sewer Main Extensions</b>	\$ 70,000	\$ -
<b>Recycled Water</b>	\$ -	\$ 5,138
<b>Total</b>	<b>\$ 4,991,945</b>	<b>\$ 1,114,173</b>



# Montecito Sanitary District

1042 Monte Cristo Lane  
Santa Barbara, CA 93108

*A Public Service Agency*

Phone: (805) 969-4200  
[www.montsan.org](http://www.montsan.org)

## QUARTERLY CERTIFICATION STATEMENTS FOR THE MONTECITO SANITARY DISTRICT

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

**For the Quarter Ended**

**December 31, 2022**

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

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
Board Treasurer  
MONTECITO SANITARY DISTRICT



**RESOLUTION NO. 2023-968**

**RESOLUTION OF THE GOVERNING BOARD OF  
THE MONTECITO SANITARY DISTRICT  
SETTING THE DATE, TIME AND PLACE FOR THE HEARING  
AND GIVING NOTICE OF ELECTION TO COLLECT SEWER  
SERVICE CHARGES ON THE COUNTY TAX ROLL**

**WHEREAS**, pursuant to the authority of sections 5473 and 6520.5 of the Health and Safety Code, the Governing Board of the Montecito Sanitary District has 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 for the Fiscal Year 1990-91 and each subsequent year thereafter, and

**WHEREAS**, section 5473 of the Health and Safety Code requires that in the event of such an election the District shall cause a written report to be filed, which report shall contain a description of each parcel to be served and the charge therefor, and

**WHEREAS**, section 5473.1 of the Health and Safety Code requires a hearing on said report and for notice of said hearing to be by publication and mailing.

**NOW, THEREFORE, BE IT RESOLVED:**

1. That a hearing shall be held at 12:00 p.m. on the 14<sup>th</sup> day of June 2023, for the purpose of hearing all objections and protests, if any, to said report on file in the Office of the District.
2. That notice of said hearing shall be given as follows:
  - a. by publication in the *Montecito Journal* on May 24 and May 31, 2023;
  - b. by mailing a notice in writing to each person to whom any parcel or parcels of real property in said report is assessed in the last equalized assessment roll available on the date said report is prepared and which parcel listed in the current report was not listed in the report for the previous Fiscal Year.
3. That the General Manager of this District is hereby authorized and directed to give said notice and to do all things necessary to hold said hearing.

**PASSED AND ADOPTED** by the Governing Board of the Montecito Sanitary District on the 17<sup>th</sup> day of May 2023, by the following vote:

**AYES:**

**NAYS:**

**ABSENT:**

**ABSTAIN:**

(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

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## MONTECITO SANITARY DISTRICT STAFF REPORT – 4B

**DATE:** May 17, 2023  
**TO:** BOARD OF DIRECTORS  
**FROM:** Aleks R. Giragosian, General Counsel  
**SUBJECT:** Establishing Policies and Standards for District Easements and Regulating Easement Encroachments

### RECOMMENDATION

It is recommended the Board review the attached materials and provide staff with direction regarding whether to agendize the adoption of an ordinance to establish policies and standards for District easements and regulating easement encroachments

### DISCUSSION:

At a prior meeting, the Board discussed the different methods of enforcing easements. This staff report is in furtherance of that discussion and proposes specific procedures.

The District has an administrative citation process. Ordinance No. 10, adopted on November 8, 2005 and attached hereto as Exhibit A, authorizes the District to impose fines for violations of District ordinances. Section IV(A) of Ordinance No. 10 references a resolution of the Board that provides a schedule of fines. There is no record of the referenced resolution being adopted.

To ensure the enforceability of Ordinance No. 10, General Counsel proposes the adoption of Exhibit B attached hereto. Exhibit B amends Section IV(A) to provide a schedule of fines as prescribed by statute. Exhibit B is provided for discussion only. The Board may not act on the Ordinance until it has been properly noticed.

The General Counsel also proposes Exhibit C, which is an ordinance establishing policies and standards for District easements and regulating easement encroachments. The ordinance includes definitions, describes authorized and unauthorized encroachments, and explains who bears the cost of the removal and restoration of improvements disturbed by District activities. Violations of Exhibit C will be punishable under Exhibits A & B. Exhibit C is provided for discussion only. The Board may not act on the

Ordinance until it has been properly noticed.

Exhibit D is the template for the license agreement referred to in Exhibit C. The license agreement may be used to authorize the encroachment of those improvements that do not pose a significant interference with the District's easement rights, subject to its removal at the property owner's expense upon termination of the license agreement. Exhibit D is provided for discussion only. No action by the Board is required.

Lastly, Exhibit E is a concise outline of the proposed method of enforcing easements. It begins with the discovery of a potential encroachment upon the District's easement. Staff then conducts a survey to confirm the location of the easement. Once the bounds of the easement are determined, staff issues a notice of easement encroachment. In non-emergency scenarios or where the need is not urgent, staff may 1) enter into a license agreement with the property owner, 2) issue administrative citations, 3) seek a permanent restraining order in court, or 4) refer to the matter to the district attorney for criminal prosecution. In an emergency scenario or where the need is urgent, staff may 1) seek removal of the encroachment, 2) discontinue service to the property, 3) file for a temporary restraining order in court, or 4) refer to the matter to the district attorney for criminal prosecution. Exhibit E is provided for discussion only. No action by the Board is required.

**Attachments:**

Exhibit A- Ordinance No. 10

Exhibit B- Ordinance of the Board of Directors of the Montecito Sanitary District Amending Section IV(A) of Ordinance No. 10 to Include a Schedule of Fines

Exhibit C- Ordinance of the Board of Directors of the Montecito Sanitary District Establishing Policies and Standards for District Easements and Regulating Easement Encroachments

Exhibit D- License Agreement Template

Exhibit E- Policy Options for Easement Enforcement

**ORDINANCE NO. 10**

**AN ORDINANCE OF THE BOARD OF DIRECTORS  
OF THE  
MONTECITO SANITARY DISTRICT**

**ESTABLISHING CIVIL FINES FOR VIOLATIONS OF  
ORDINANCES ENACTED BY THE DISTRICT**

WHEREAS, Government Code section 53069.4 authorizes the Governing Board of the Montecito Sanitary District to adopt an ordinance making any violation of any ordinance enacted by the Governing Board of the Montecito Sanitary District subject to an administrative fine; and

WHEREAS, the Board of Directors of the Montecito Sanitary District finds that an administrative fine ordinance will assist the Montecito Sanitary District in ensuring that the ordinances of the District are complied with; and

WHEREAS, the adoption of such an ordinance is exempt from the California Environmental Quality Act ("CEQA") in accordance with Section 15308 of the State CEQA Guidelines that exempts actions taken by regulatory agencies as authorized by State law or local ordinance, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for the protection of the environment.

NOW, THEREFORE, the Board of Directors of the Montecito Sanitary District does ordain as follows:

Section 1. The following is hereby adopted to read as follows:

I. Application.

A. This ordinance makes a violator of any ordinance enacted by the District subject to a civil fine.

B. By adopting this ordinance, the Board does not intend to limit the discretion of an enforcement officer to impose any remedy available, civil or criminal, for violations of District's rules and regulations and other ordinances.

C. The issuance of a civil citation shall be solely at the discretion of the enforcement officer and shall be one of several remedies available to the enforcement officer.

D. Notwithstanding any lease, license or any other instrument or agreement, the owner of real property has the right to enter upon his or her own property to the extent reasonably necessary to correct any violation of an ordinance of the District existing thereon.

E. The provisions of this ordinance shall be an implied term of any instrument affecting the right to possession of real property located in the District.

**MSD Ordinance No. 10**  
**Re: Establishing Civil Fines for Violations**

F. Because violations of any ordinance of the District may seriously impact the safe and efficient operation of the District's sewer system, this ordinance imposes strict civil liability upon violators of ordinances of the District.

G. There shall be a rebuttable presumption that the record owners of a parcel according to the last equalized assessment roll and a lessee or sublessee of a parcel have notice of any ordinance violation existing on the parcel.

**II. Definitions.**

Unless specifically defined below, words or phrases used in this ordinance shall be interpreted so as to give them the meaning they have in common usage and to give this ordinance its most reasonable application.

A. Board is the Board of Directors of the Montecito Sanitary District.

B. Civil citation is a notice issued by an enforcement officer pursuant to this ordinance that there has been a violation of an ordinance of the District.

C. District is the Montecito Sanitary District.

D. Enforcement officer is an individual designated by the General Manager to enforce the provisions of this ordinance.

E. General Manager is the General Manager of the District or his or her designee.

F. Hearing officer is the individual designated by the board to serve as the hearing officer for administrative hearings.

G. Issuance date is the day a civil citation is personally served on a responsible person, is mailed to a responsible person, or is posted on real property where a property related violation occurs.

H. Issued is the giving, mailing, or posting of a civil citation.

I. Notice of decision is a notice that informs a responsible person of a decision made regarding provisions of this ordinance.

J. Ordinance violation is any violation of any ordinance adopted by the Board of the District.

K. Responsible person is any of the following:

(1) An individual causing an ordinance violation.

(2) An individual, by his or her action or failure to act, maintains or allows an ordinance violation to continue.

**MSD Ordinance No. 10**  
**Re: Establishing Civil Fines for Violations**

- (3) An individual whose agent, employee, or independent contractor causes an ordinance violation by his or her action or failure to act.
- (4) An owner of or a lessee or sublessee with the current right of possession of real property on which an ordinance violation occurs.
- (5) An on-site manager of a business normally working daily at the site when the business is open and responsible for the activities at such business.
- (6) A natural person or legal entity, and the owners, majority stockholders, corporate officers, trustees, and general partners of a legal entity.

**III. Issuance of Civil Citation.**

**A. Civil citation**

- (1) After determining that a responsible person has violated a provision of a District ordinance, an enforcement officer may issue a civil citation to that person.
- (2) If, following an investigation, the enforcement officer has determined that a responsible person committed an ordinance violation, an enforcement officer may issue a civil citation for a violation the officer did not see occur.
- (3) A responsible person receiving a civil citation shall be liable for and shall pay to the District the fine imposed in the civil citation on the date specified in the civil citation.
- (4) Every individual who applies for and receives a permit, license, or other approval, shall comply with all conditions imposed upon the issuance of the permit, license or other approval that benefits District. If an individual violates any condition of such permit, license or other approval, an enforcement officer may issue such individual a civil citation and that individual shall be liable for payment of any civil fines.
- (5) Each day a responsible person allows an ordinance violation to exist shall be a separate violation and that person shall be subject to a separate fine.
- (6) A civil citation may charge an ordinance violation for one or more days on which a violation exists and for violation of one or more ordinance sections.

**B. Contents of civil citation:**

- (1) Every civil citation shall contain the following:
  - (a) Name of the responsible person.
  - (b) Date on which an inspection established the ordinance violation.

**MSD Ordinance No. 10**  
**Re: Establishing Civil Fines for Violations**

- (c) Ordinance section violated.
- (d) Address where the ordinance violation occurred.
- (e) Description of the ordinance violation.
- (f) The amount and effective date of the fine.
- (g) Procedures to pay the fine.
- (h) Description of the procedure for requesting a waiver of fine deposit and administrative hearing to contest a civil citation.
- (i) Hearing date, time and location in the event that a responsible person requests a hearing regarding the waiver of fine deposit and/or an administrative hearing.
- (j) Signature of the enforcement officer issuing the civil citation.
- (k) Date of issuance.
- (l) Any other information deemed necessary by the District's counsel for enforcement or collection purposes.

2. A self-addressed envelope in which the responsible person may mail to the District the fine or request a hearing regarding the waiver of fine deposit and/or an administrative hearing shall accompany any civil citation.

C. Service.

A civil citation may be served as follows:

- (1) An enforcement officer may personally serve the civil citation on the responsible person. The responsible person is required to sign a copy of the civil citation showing his or her receipt.
- (2) An enforcement officer may mail the civil citation by first class mail, if the responsible person is not present for personal service when the enforcement officer determines there has been a ordinance violation. The civil citation shall be mailed to the responsible person's address shown on the last equalized assessment roll for property related violations of District ordinances or to any address known for the responsible person for all other violations.



**MSD Ordinance No. 10**  
**Re: Establishing Civil Fines for Violations**

**IV. Civil Fine Amount and Payment.**

**A. Amount.**

(1) The amount of the fines imposed for violating provisions of any District ordinance shall be established in a schedule of fines adopted by resolution of the board. The schedule of fines may include escalating fine amounts for repeat ordinance violations occurring within specified periods of time.

(2) The schedule of fines may specify the amount of interest and penalties owed for any fine not timely paid.

**B. Payment.**

(1) Fines are due on the day specified in the civil citation or, in the event of an appeal, on the date specified by the hearing officer.

(2) Fines shall be paid to the District. Payment shall be made by mailing the envelope attached to the civil citation and enclosing the fine amount paid by check or money order.

(3) Payment of a fine shall not excuse the responsible person from correcting the ordinance violation. The issuance of a civil citation and/or payment of a fine does not bar the District from pursuing any other enforcement action regarding an ordinance violation that is not corrected, including issuing additional civil citations and/or criminal complaints.

**V. Administrative Hearings.**

**A. Administrative hearings.**

(1) A responsible person receiving a civil citation may request an administrative hearing.

(2) A request for an administrative hearing shall be made on an administrative hearing request form and shall include the grounds for requesting an administrative hearing.

(3) Any request for an administrative hearing shall be filed with the General Manager within 30 days of the issuance of the civil citation. The request shall be accompanied by a deposit equal to the fine amount imposed in the civil citation.

(4) Unless the hearing was otherwise continued, a responsible person requesting an administrative hearing shall attend the hearing on the date, time and location specified in the civil citation. Failure to attend the hearing shall constitute an abandonment of the request for an administrative hearing.

**MSD Ordinance No. 10**  
**Re: Establishing Civil Fines for Violations**

**B. Hearing procedures.**

(1) The administrative hearing shall be conducted by a hearing officer on the date, time and location specified in the civil citation.

(2) The General Manager shall ensure that all information relevant to the civil citation is provided to the hearing officer prior to the hearing date. The General Manager shall provide the responsible person with a copy off all information provided to the hearing officer.

(3) The responsible person shall be allowed to testify and to present evidence relevant to any ordinance violation specified in the civil citation.

(4) The civil citation and any other reports prepared by the enforcement officer concerning the ordinance violation shall be accepted by the hearing officer as prima facie evidence of the ordinance violation and of the facts stated in such documents.

(5) Neither the enforcement officer nor any other representative of the District shall be required to attend an administrative hearing. The hearing officer shall not require that the enforcement officer submit any evidence other than a copy of the civil citation. The enforcement officer may, in his or her discretion, appear at an administrative hearing and/or submit additional evidence.

(6) If a request is made by the responsible person or a representative of the District setting forth good cause for a continuance, the hearing officer may continue an administrative hearing.

(7) If a continuance is granted, a new hearing date shall be set within 45 days and shall be specified in the notice of continuance. If a continuance is denied, the administrative hearing shall proceed as scheduled. The decision of the hearing officer to grant or deny a continuance shall be final and is not subject to judicial review.

(8) An administrative hearing shall be conducted informally without strict adherence to the legal rules of evidence.

(9) Failure of the responsible person to appear at a hearing shall constitute an abandonment of the hearing and a failure to exhaust administrative remedies concerning the violation set forth in the civil citation. Failure to appear by the responsible person shall be noted on the notice of decision by the hearing officer and which will be mailed to the responsible person.

**C. Decision.**

(1) The hearing officer shall issue a notice of decision within five working days of the conclusion of the administrative hearing either upholding or dismissing the civil citation. The decision of the hearing officer shall be final.

(2) The hearing officer may not increase or reduce any fine specified in a civil citation.

**MSD Ordinance No. 10**  
**Re: Establishing Civil Fines for Violations**

(3) The notice of decision shall be personally delivered or mailed to the responsible person.

(4) If the hearing officer dismisses the civil citation, the District shall, within 30 days of the date of the notice of decision, refund to the responsible person any fine deposited with the District.

**VI. Judicial review.**

A. The responsible person may seek judicial review of the hearing officer's decision by filing an appeal with the Santa Barbara County Superior Court Clerk within 20 calendar days after the responsible person receives a copy of the notice of decision in accordance with Government Code section 53069.4. Any appeal filed with the superior court shall contain a proof of service showing that a copy of the appeal was served upon the District. The responsible person must pay the appropriate filing fees.

B. Judicial review is not available for an abandonment of an administrative hearing by a responsible person by failing to appear at the administrative hearing or failing to deposit the appropriate fine amount.

C. Within 15 days of any request, the District's legal counsel or designee shall forward to the superior court, the appropriate notice of decision and civil citation for any matter appealed to the superior court. If the superior court reverses any decision of the hearing officer, the District shall refund the superior court filing fee and any fine deposit paid by a responsible person.

**VII. Collection of delinquent fines.**

A. The General Manager may pursue any and all legal and equitable remedies for the collection of delinquent fines, including interest and penalties.

B. The District may request the Santa Barbara District Attorney to issue a criminal citation or complaint against any responsible person not timely paying any fine due to the District.

Section 2. If any chapter, article, section, subsection, subdivision, sentence, clause, phrase, or portion of this ordinance, or the application thereof to any person, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance or its application to other persons. The District Board hereby declares that it would have adopted this ordinance and each chapter, article, section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more chapters, articles, sections, subsections, subdivisions, sentences, clauses, phrases, or portions of the application thereof to any person, be declared invalid or unconstitutional. No portion of this ordinance shall supersede any local, State, or federal law, regulation, or code.


**MSD Ordinance No. 10**  
**Re: Establishing Civil Fines for Violations**

Section 3. Immediately following adoption, the Clerk shall cause this ordinance to be published one time in a newspaper of general circulation within the District. Ordinance No. 10 was adopted on November 8, 2005, to become effective following its publication in a newspaper of general circulation.


AYES: Arnold, Begley, Cannata and McKenzie

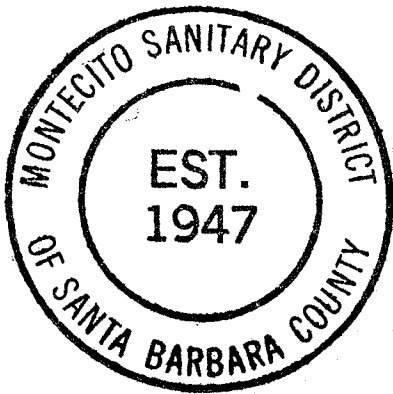
NAYS: None

ABSENT: Tmur

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary



ORDINANCE NO. XX

ORDINANCE OF THE BOARD OF DIRECTORS  
OF THE MONTECITO SANITARY DISTRICT  
AMENDING SECTION IV(A) OF ORDINANCE  
NO. 10 TO INCLUDE A SCHEDULE OF FINES

WHEREAS, the Montecito Sanitary District (“District”) is a sanitary district duly organized and existing pursuant to the Sanitary District Act of 1923 codified in Health and Safety Code section 6400 et seq; and

WHEREAS, Health and Safety Code sections 6521 and 6491.3 authorize the Board of the District to make and enforce all necessary and proper regulations and ordinances for all other sanitary purposes not in conflict with the laws of the state of California; and

WHEREAS, on November 8, 2005, the Board of the Montecito Sanitary District adopted Ordinance No. 10 to establish civil fines for violations of ordinances enacted by the District, but did not include a schedule of fines; and

WHEREAS, the Board of the District desires to adopt a schedule of fines consistent with Government Code sections 53069.4, subdivision (a)(1), 25132, subdivision (b), and 36900, subdivision (b); and

WHEREAS, the adoption of such an amendment to Ordinance No. 10 is exempt from the California Environmental Quality Act (CEQA) in accordance with Sections 15308 and 15321 of the State CEQA Guidelines that exempts actions taken by regulatory agencies to assure the maintenance, restoration, enhancement, or protection of the environment and the enforcement of its laws.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MONTECITO  
SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:**

SECTION 1. Recitals. The Recitals above are true and correct and incorporated herein by this reference.

SECTION 2. Ordinance Amendment. Subsection A (Amount) of Section IV (Civil Fine Amount and Payment) of Ordinance No. 10 is hereby amended to read as follows, with underlined text denoting additions and strike through text denoting deletions:

IV. Civil Fine Amount and Payment.

A. Amount.

- (1) The amount of the fines imposed for violating provisions of any District ordinance shall ~~be established in a schedule of fines adopted by resolution of the board. The schedule of fines may include escalating fine amounts for repeat ordinance violations occurring within specified periods of time.~~ be punishable by the following:
  - a. A fine not exceeding one hundred dollars (\$100) for a first violation.
  - b. A fine not exceeding two hundred dollars (\$200) for a second violation of the same ordinance within one year of the first violation.
  - c. A fine not exceeding five hundred dollars (\$500) for each additional violation of the same ordinance within one year of the first violation.

**MSD Ordinance No. XX**  
**Re: Establishing Civil Fine Schedule for Violations**

- (2) The schedule of fines may specify the amount of interest and penalties owed for any fine not timely paid.

SECTION 3. Publication & Effective Date. Under Health and Safety Code section 6490, immediately following adoption, the Clerk shall cause this ordinance to be published one time in a newspaper of general circulation within the District, and the ordinance will take effect upon expiration of the week of publication.

SECTION 4. Severability. If any section of this ordinance is held to be invalid or unconstitutional, the remaining sections shall remain valid. The Board hereby declares that it would have adopted this ordinance regardless of whether particular sections may be declared invalid or unconstitutional.

PASSED AND ADOPTED by the Board of Directors of the Montecito Sanitary District on this [DAY]th day of [MONTH], 2023, by the following vote:

AYES:  
NAYS:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
Woody Barrett  
President of the Board of Directors of the  
MONTECITO SANITARY DISTRICT

ATTEST:

\_\_\_\_\_  
Stephen Williams  
Clerk of the Board of Directors of the  
MONTECITO SANITARY DISTRICT

**ORDINANCE NO. XX**

**ORDINANCE OF THE BOARD OF DIRECTORS  
OF THE MONTECITO SANITARY DISTRICT  
ESTABLISHING POLICIES AND STANDARDS  
FOR DISTRICT EASEMENTS AND REGULATING  
EASEMENT ENCROACHMENTS**

WHEREAS, the Montecito Sanitary District (“District”) is a sanitary district duly organized and existing pursuant to the Sanitary District Act of 1923 codified in Health and Safety Code section 6400 et seq;

WHEREAS, under Health and Safety Code section 6514, the District may acquire “such real and personal property and rights of way, either within or without the limits of the district, as in the judgment of the board are necessary or proper to the exercise of its powers, and particularly for the purpose of permitting ingress to and egress from such real or personal property, ... ”;

WHEREAS, Health and Safety Code sections 6521 and 6491.3 authorize the Board of the District to make and enforce all necessary and proper regulations and ordinances for all other sanitary purposes not in conflict with the laws of the state of California; and

WHEREAS, the Board of the District desires to adopt regulations to protect its easements.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MONTECITO  
SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:**

SECTION 1. Recitals. The Recitals above are true and correct and incorporated herein by this reference.

SECTION 2. Definitions. For purposes of this Ordinance, the following terms have the meaning specified below:

2.1 “District facilities” means pipelines, pump stations, or any other structures, equipment and machinery, including appurtenances to them, which are used to collect, convey, treat, dispose of and reuse wastewater.

2.2. “Easement” means a property right, however created, by which the owner of the right is entitled to make specified uses of the real property of another person; “easement” includes, “reserve,” “right of way,” “sewer reserve,” and “utility reserve.”

2.3. “Property Owner” means the fee owner or leaseholder of the servient tenement to the District’s easement.

2.4. “Significant interference” means, with respect to encroachments on District easements, a use or condition that does or has the potential to damage or to inhibit access to District facilities or that does or has the potential to negatively impact the District’s use of the easement for its intended purposes. Some uses and conditions that do not pose a significant interference include lawns, flowerbeds, loose paving stones, and similar landscaping features. Some uses or conditions that do pose a significant interference include swimming pools, permanent decks, retaining walls, trees, heavy brush and vegetation, gates, fences, and paving. The determination regarding whether an activity or condition constitutes a significant interference shall be made by the General Manager, which shall be consistent with this Ordinance.

SECTION 3. Unauthorized Encroachments. It is unlawful for any person to:

**MSD Ordinance No. XX**  
**Re: Easements and Easement Encroachments**

3.1. Cause, permit, or maintain an unauthorized encroachment on a District easement that results in a significant interference with the District's easement rights or District's facilities;

3.2. Cause, permit, or maintain any activity or condition off or outside a District easement that causes, whether directly or indirectly, a significant interference with the District's easement rights.

**SECTION 4. Authorized Encroachments.**

4.1. A property owner may make use of the land over which the District has an easement if the use or condition does not violate Section 3 of this Ordinance.

4.2. Notwithstanding Section 4.1, the District may enter into a license agreement with a property owner whereby the use or condition may be maintained for a limited duration or indefinitely, subject to its removal at the property owner's expense upon the termination of the license agreement.

**SECTION 5. Removal & Restoration of Improvements Disturbed by District Activities.**

Whenever the District's reasonable use of the easement to construct, reconstruct, renew, alter, operate, maintain, inspect, repair, and replace District facilities results in the need for the property owner's improvements to the real property to be removed or disturbed, the following provisions apply:

5.1. The District shall, at the expense of the District, replace or restore the improvements in kind which are not prohibited by this Ordinance, upon the completion of the District's activities.

5.2. If the encroachment is authorized pursuant to a license agreement and the license agreement does not specify otherwise, the property owner shall, at no expense to the District, be responsible to restore the encroaching improvements.

5.3. Unauthorized encroachments shall be removed by the property owner at his or her expense and shall not be restored by the District. Removal shall be performed promptly after notice from the District. If the encroachment has not been removed with a reasonable time after notice, or if the urgency of the District's easement activities requires, the District may remove the encroachment itself, and the removal costs may be charged to the property owner.

**SECTION 6. District Remedies.** The remedies granted to the District in this Ordinance are in addition to any other rights and remedies that are available under prior regulations or otherwise afforded by law, and the District is entitled to exercise any and all such rights and to charge property owners for the costs of such remedies either serially or cumulatively, as determined by the District.

**SECTION 7. CEQA.** This action is not a project for purposes of 15 CCR 15378(b)(5) in that It is an administrative activity that will not result in direct or indirect physical changes in the environment.

**SECTION 8. Publication & Effective Date.** Under Health and Safety Code section 6490, immediately following adoption, the Clerk shall cause this ordinance to be published one time in a newspaper of general circulation within the District, and the ordinance will take effect upon expiration of the week of publication.

**SECTION 9. Severability.** If any section of this Ordinance is held to be invalid or unconstitutional, the remaining sections shall remain valid. The Board hereby declares that it would have adopted this ordinance regardless of whether any particular section is held invalid or unconstitutional.



**MSD Ordinance No. XX**  
**Re: Easements and Easement Encroachments**

PASSED AND ADOPTED by the Board of Directors of the Montecito Sanitary District on this [DAY]th day of [MONTH], 2023, by the following vote:

AYES:  
NAYS:  
ABSTAIN:  
ABSENT:

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Woody Barrett  
President of the Board of Directors of the  
MONTECITO SANITARY DISTRICT

ATTEST:

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Stephen Williams  
Clerk of the Board of Directors of the  
MONTECITO SANITARY DISTRICT

Recording Requested By &  
When Recorded Return To:  
**MONTECITO SANITARY DISTRICT**  
1042 Monte Cristo Lane  
Santa Barbara, CA 93108  
(805) 969-4200

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Exempt from Recording Fee  
Government Code sections 6103 & 27383

**LICENSE AGREEMENT**

This License Agreement (“Agreement”) is made as of the [NUMBER] day of [MONTH], [YEAR] by and between the **MONTECITO SANITARY DISTRICT** (“District”), a California special district formed under the Sanitary District Act of 1923, and [NAME OF INDIVIDUAL], a private individual (“Licensee”).

**RECITALS:**

- A. Licensee is the owner of certain improved real property located at [ADDRESS], Assessor’s Parcel Number [APN], and as more particularly described in “**Exhibit “A”**” attached hereto (“Property”).
- B. An easement for sewer purposes over and under the Property was granted to the District by Instrument No. [Number] recorded in Book [Number], Page [Number] of the records of Santa Barbara County, State of California (“Easement”).
- C. Pursuant to the Easement, District constructed a [DESCRIPTION] in said Easement (“Facilities”), which is part of District’s collection system.
- D. Licensee desires to encroach upon a portion of the Easement for the purpose of constructing a [DESCRIBE PROJECT] (“Project”) located across the Easement near station [NUMBER] and adjacent to the property line from station [NUMBER] to station [NUMBER] of District mainline [NUMBER], as depicted in Exhibit B attached hereto.
- E. Under Ordinance No. [NUMBER], the District may enter into a license agreement with a property owner whereby the use or condition may be maintained for a limited duration or indefinitely, subject to its immediate removal upon a written demand by the District finding that the use or condition constitutes a significant interference.

In consideration of the foregoing recitals, the District and Licensee agree as follows:

- 1. LICENSE: District hereby grants to Licensee a revocable license to encroach upon its Easement as depicted in Exhibit B to the extent and for the purpose of constructing the Project.
- 2. TERM: The term of this Agreement shall be the Effective Date until the earlier of
  - a. [DATE];
  - b. Licensee’s removal of the Project; or
  - c. District’s termination of this License at any time upon 30 days written notice finding that the encroachment constitutes a significant interference, as defined under Ordinance No. [NUMBER].

## LICENSE AGREEMENT

### APN:

3. NOTICE OF EXERCISE OF RIGHTS: Pursuant to the terms and provisions of the Easement, Licensee agrees that District has certain rights, included among which is the right of ingress to and egress from the Property to construct, operate, maintain, inspect, repair, and replace the Facilities and appurtenances in the Easement. The District will strive to provide Licensee with notice prior to exercising its rights.
4. REMOVAL OF ENCROACHMENT DURING TERM OF AGREEMENT: To the extent the District is required to remove the encroaching improvements in its reasonable use of the easement to construct, reconstruct, renew, alter, operate, maintain, inspect, repair, and replace District Facilities and appurtenances, the Licensee, at its sole expense, may replace or restore the improvements upon the completion of the District's activities.
5. REMOVAL OF ENCROACHMENT AFTER TERM OF AGREEMENT: Licensee shall bear the full expense of removing any encroachment after the termination of this Agreement. If Licensee fails to completely remove said encroachment within the time set forth in the termination notice provided pursuant to Section 2, District may, without further notice to Licensee, remove said encroachment at Licensee's expense.
6. REIMBURSEMENT: Licensee shall reimburse the District for any and all extra expenses which District may hereinafter incur resulting from the Project, including the cost to realign the sewer system if additional easement are required or to repair any damage to the District's Facilities and appurtenances. Licensee shall promptly remit to District the amount thereof within thirty (30) days of receipt of the District's written demand.
7. ADDITIONAL EASEMENTS: Licensee shall also grant District such additional easements as may be required for any realignment of the sewer system on account of this License, and the exercising by District of its easement rights.
8. RELEASE: Notwithstanding anything contrary contained in the Easement, Licensee hereby releases and holds District harmless from any and all claims, demands, actions, or liability for damages to the Property which may result from the construction, reconstruction, renewal, alteration, operation, maintenance, inspection, repair, and replacement of the District Facilities or appurtenances, or any other activity allowed the District pursuant to the terms of said Easement. Licensee shall protect, indemnify and hold District harmless for any injuries or claims of injuries arising out of Licensee's construction of the Project and the subsequent use and maintenance of the Project.
9. NOTICE: Notice shall be deemed complete when it has either been delivered personally to Licensee or placed in the United States mail addressed to Licensee at the current address of the Property.
10. SCOPE OF LICENSE AGREEMENT: This is the whole License Agreement of the parties. This agreement may not be modified except in writing executed by both parties.
11. INSURANCE: District may, at any time and at District's sole option, require Licensee to maintain adequate liability insurance in order to protect District from all claims.
12. SEVERABILITY: If any part of this Agreement is declared invalid for any reason, such invalidity shall not affect the validity of the remainder of the Agreement.

**LICENSE AGREEMENT**

**APN:**

- 13. SUCCESSOR AND ASSIGNS: All of the terms, covenants and conditions of this Agreement shall be binding upon the parties and their respective successors and assigns.
- 14. EFFECTIVE DATE: This Agreement shall be effective as of the date of the last signature below.
- 15. RECORDATION: Upon the execution of this Agreement, Licensee shall pay to District a processing fee of five thousand seven hundred fifty dollars (\$5,750.00) for the administrative handling of this Agreement. District shall place this license Agreement of record in the Official Records of the County of Santa Barbara, California.

Executed in counterparts as of the date hereinbelow set forth.

**MONTECITO SANITARY DISTRICT:**

**LICENSEE:**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**ATTEST:**

Signed: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**APPROVED AS TO FORM:**

Signed: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**LICENSE AGREEMENT**

**APN:**

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document**

STATE OF CALIFORNIA \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY, under the laws of the State of California, that the foregoing paragraph is true and correct.

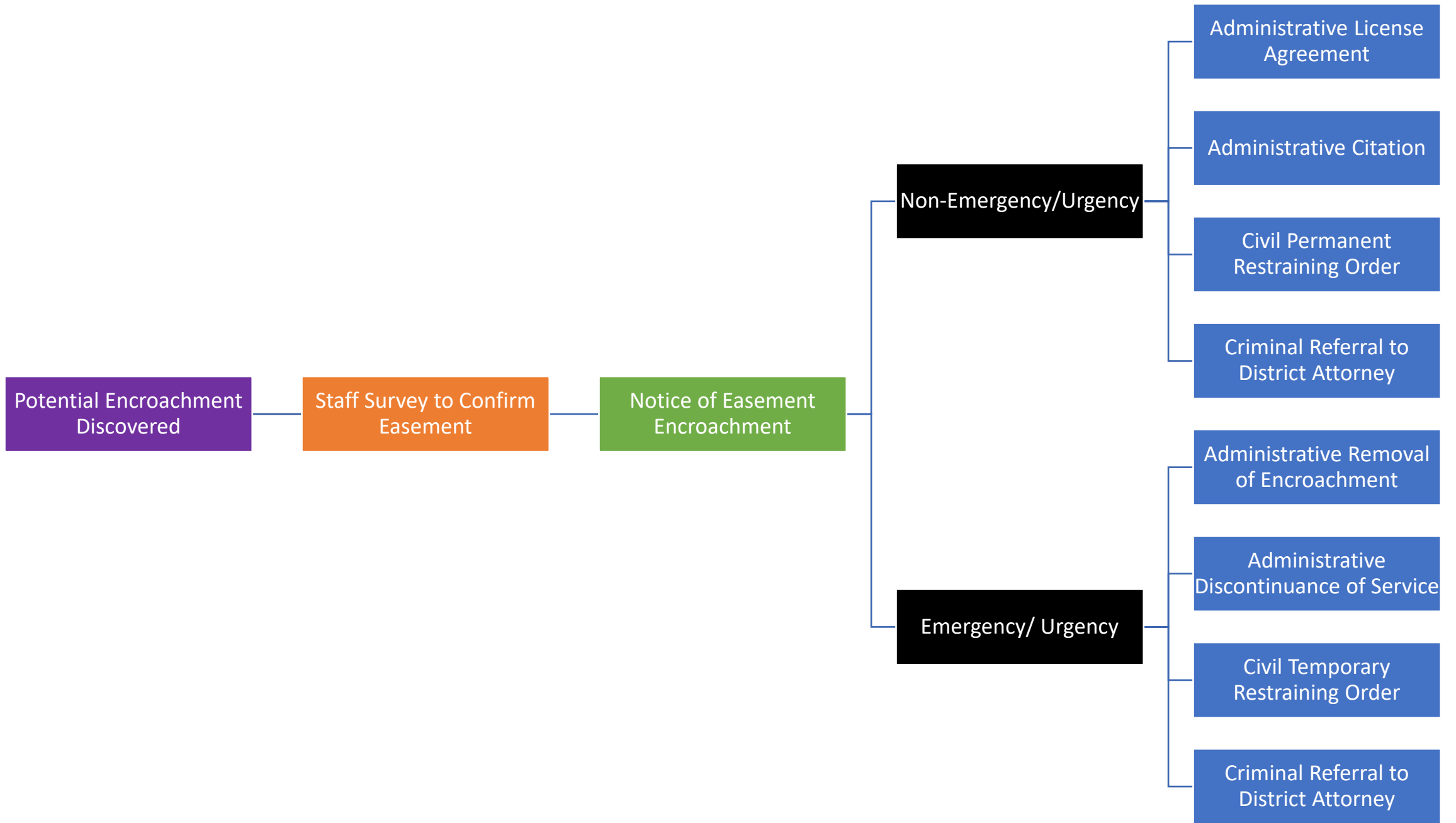
WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(Seal)

## **EXHIBIT A**

**EXHIBIT B**







**BOARD OF DIRECTORS  
POLICY AND PROCEDURES MANUAL**  
Adopted December 9, 2021

## *District's Mission Statement*

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A community service commitment to protect 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.

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# 1. Role of the Board of Directors

1. The District's policies, mission, goals, and programs are established by a majority of the Board of Directors at public meetings.
2. All District powers are exercised by its Board of Directors. (Health & Safety Code, § 6481.)
3. The Board will not direct management as to how to implement policy, but it shall hold management responsible if the policies of the District are not implemented.
4. The Board appoints the General Manager of the District, defines the General Manager's responsibilities, and delegates Board authority and power to the General Manager to carry out the responsibilities.
5. The General Manager is responsible for all of the following:
  - a. The implementation of the policies established by the Board for District operation.
  - b. The appointment, supervision, discipline, and dismissal of District employees, consistent with the employee relations system established by the Board.
  - c. The supervision of District facilities and services.
  - d. The supervision of District finances.
  - e. The development of the District's annual budget to support its mission and meet all regulatory requirements.
  - f. Coordinate with the President of the Board to agendize meetings.
6. The General Manager shall recommend in public meetings of the Board the programs to implement District policy.
7. On or before July 1st of each year the Board adopts the District's annual budget.
8. The Board approves the District's organizational structure and employment positions.
9. The Board appoints the District's legal counsel and financial auditor annually.
10. The Board approves the Accounts Payable register as an agenda item at regular Board meetings.
11. The Board approves all contracts and individual purchases in accordance with the District's purchasing policies and procedures..
12. Directors shall uphold the constitutions of the United States and the state of California. Directors shall comply with applicable laws regulating their conduct, including state laws concerning conflicts of interest, financial disclosure, open meetings, and confidential information.

## 2. Board Election/Appointment

The District shall have a board of five Directors each of whom whether elected or appointed, shall reside within the boundaries of the Montecito Sanitary District and be a registered voter within those boundaries. (Health & Safety Code, § 6464)

The term of office of each Director other than Directors appointed to fill an unexpired term shall be four years. (Elections Code, § 10507)

Directors elected to office take office at noon on the first Friday in December following the General District Election. Before taking office, each Director shall take and subscribe the official oath and file it with the Clerk of the Board. (Elections Code, § 10554)

New Directors will file an Assuming Office Form 700 within thirty days of taking office.

An office of a director shall be deemed to have become vacant when one or more events specified in [sections 1770, et. seq. of the Government Code](#) have occurred. All vacancies occurring shall be filled pursuant to [section 1780 of the Government Code](#).

A Director leaving office will file a Leaving Office Form 700 within thirty days of vacating office.

## 3. Board Organization

The Board of Directors shall hold an annual organizational meeting at a regular meeting in December to establish or confirm Board officers by an election from existing Board members.

Board officers are the President, Vice President, Treasurer, and Secretary.

Officers assume their duties immediately upon Board confirmation and serve during the next calendar year.

Additionally, the General Manager and District Legal Counsel shall be affirmed at the annual organizational meeting.

At the organizational meeting the Board will appoint members to the Standing Committees.

### Standing and Ad Hoc Committees

- a) Standing committees shall only be dissolved by majority vote of the Board.
- b) The duties of an ad hoc committee shall be determined at the time of appointment and the committee shall be considered dissolved when its final report has been made.
- c) If the Board President or the Board has created a standing committee the members of such committee shall be appointed for the year no later than the Board's regular meeting in January.
- d) Minutes shall be required for meetings of standing committees, and such meetings shall be conducted in accordance with the Ralph M. Brown Act. (Government Code, § 54952)

- e) Minutes shall not be required to be prepared for ad hoc committee meetings. Ad hoc committees are not considered legislative bodies for purposes of the Ralph M. Brown Act. (Government Code, § 54952)
- f) All actions of committees are subject to approval by the Board of Directors.

### **District Representation in Organizations**

- a) The Board reviews annually all District memberships and representations.
- b) Appointments to serve as a District representative or member on a non-District board, commission, or organization shall be made by the President, subject to confirmation by the full Board.
- c) Unless otherwise required by law or contract, the term of any external position shall be one year. There is no limit to the number of terms or consecutive terms.
- d) Additional policies related to representation in external organizations are stated in the "Board Memberships" section of this manual.

## **4. Board Memberships**

### **Appropriate Memberships**

To take advantage of in-service training opportunities, the District may belong to industry related associations. Directors who are appointed District representatives may attend meetings of national, state, and local associations, which are directly related to the District's purpose and operation. Decisions to continue, discontinue, or add new memberships shall occur through the annual budget process.

### **Appointment of Representative**

The President shall appoint Directors as a representative and alternate, as appropriate, to serve as District contacts among stakeholder groups, associations, and other organizations at the Board's discretion. All representatives and alternates shall report to the Board in a timely manner on their activities. Directors may be allowed certain expenses for travel and membership as a representative or alternate. Reimbursable expenses shall be determined and approved at a regular Board meeting before expenses are incurred.

### **Representation Limitation**

When expressing an opinion about any aspect of District business, each Director Representative should clearly state that he or she is expressing a personal opinion that is not a Board position, unless the representative has been directed by the Board to express an official District policy or position or decision, which has been approved by the Board.

## 5. Board Meetings

Under the Ralph M. Brown Act (Government Code sections 54950, et seq.) all meetings of the Board must be open to the public, publicized and noticed properly, conducted according to agenda and meeting procedures, and be documented; however, exceptional meetings may be noticed and conducted as closed sessions, which are not open to the public.

A majority of the Board shall not discuss or reach consensus on any matter under the jurisdiction of the District other than during a meeting of the Board.

### Meeting Structure

Board meetings are conducted in accordance with Roberts Rules of Order and Rosenberg's Rules of Order.

### Regular Meetings

The schedule for Board meetings will be determined at the annual organizational meeting, typically held in December.

The Clerk of the Board will prepare an agenda for each regular meeting after consulting with the General Manager and/or Board President. The agenda has a brief description of each agenda item. District staff will provide the Board packet to all Directors one week in advance of each regular meeting upon receiving a finalized agenda.

Only items that are stated on an agenda may be discussed in the meeting. The agenda is posted at least seventy-two hours before the regular meeting.

The Board, by majority vote or as otherwise provided by law, may modify the agenda before the first matter is considered. To the extent time permits, all matters on the agenda shall be considered and this is done in the order of the agenda's noticed or modified sequence.

No action may be taken on any matter that is not noticed on the posted agenda, with very limited exceptions. Agenda items that are not considered or completed at a meeting for lack of time may become an agenda item in a subsequent meeting.

A regular meeting agenda may include a closed session; *see* section on **Closed Sessions**.

### Special Meetings

A special meeting of the Board may be called as needed by the Board President or by a majority of the Board.

The Clerk of the Board will prepare the agenda for the special meeting, which contains a brief description of each agenda item, after consulting with the General Manager and/or Board President. This agenda is posted at least twenty-four hours before the special meeting. Only business identified in the agenda shall be considered or discussed at a special meeting.

A special meeting agenda may include a closed session; The Board may meet in closed session during a special meeting; *see* section on **Closed Sessions**.

### **Emergency Meetings**

Sometimes an emergency requires prompt action. An emergency meeting may occur without complying with special meeting posting and notice requirements.

An "emergency" includes any of these situations:

- a) A work stoppage or other activity severely threatens or impairs public health, safety, or both, as determined by a majority of the Board.
- b) A crippling disaster severely impairs or threatens public health, safety, or both, as determined by a majority of the Board.

The Board shall not meet in closed session during any emergency meeting. All special meeting requirements apply to emergency meetings except the twenty-four hour notice requirement.

### **Use of Legal Counsel**

All questions concerning District business shall be funneled through the General Manager or Board President only.

### **Closed Sessions**

In specific instances, Board business may be conducted in closed sessions, which are not open to the public. The exceptional circumstances allowing for a closed session are specified in the Ralph M. Brown Act. Generally, these are circumstances concerning claims, litigation, potential litigation, labor negotiations, real estate negotiations, and personnel.

The particular exception allowing for the closed session must be specified in the agenda. No other matter may be discussed in the closed session. Although not always required, District Legal Counsel usually attends all closed sessions.

The District's right and need to conduct some of its business confidentially and to have legal confidences are not subject to "waiver" by any Director. The District is entitled to protect its privileged official information. Evidence Code, § 1040. No Director may be asked about what happened in a closed session and no Director is allowed to disclose what was discussed or occurred in a closed session. *Kleitman v. Superior Court (Wesley)* (1999) 74 Cal.App.4th 324.

### **Quorum Required**

No Director may take any action or make any representation that results in 1) budgeting or expending District funds, 2) establishing any procedure or policy, or 3) taking any action on behalf of the Board. All of such action requires a quorum of the Board to be present in a public meeting and Board agreement during a noticed and properly conducted meeting.

Action may be taken only by a majority vote of the Board. Three Directors constitute a quorum. A quorum is required to conduct business and to take action. When there is only a quorum to take action, all votes must be unanimous.



A Director who abstains from voting will be identified in the minutes as "Abstaining." If there is an abstention when only a quorum is present, the Board cannot take action. For the same reason, if there are two abstentions when all five Directors are present and action requires a two-thirds vote, no action may be taken.

## **6. Board Compensation**

### **Board/Committee Meetings**

Effective May 10, 2021, Directors are paid \$220.00 for each day's attendance at a regular or special meeting of the Board or a standing or ad hoc committee. (MSD Ordinance No. 17). Compensation for regularly scheduled meetings will be reviewed at the annual organizational meeting.

### **Conference/Seminar**

A Director authorized and requested by the Board to attend a conference or seminar shall be compensated \$137.50 per day for each day of attendance, and no travel day will be compensated. (MSD Ordinance No. 14).

### **Other Authorized Meetings**

A Director authorized and requested by the Board to serve as an officer or liaison to affiliated agencies as an official District representative shall be compensated \$137.50 per day for each day of attendance. (MSD Ordinance No. 14).

Prior authorization must be received from the Board in a public meeting in order to receive per diem compensation and expense reimbursement. An authorized representative Director shall provide a brief report of the meeting at the next regular Board meeting.

Compensation for meetings and services is limited to six days in any calendar month. (MSD Ordinance No. 14).

Daily compensation shall be for one meeting at the highest applicable compensation rate regardless how many meetings were attended that day.

District policy stated in Ordinance No. 14 is pursuant to section 53232.1 (b) of the Government Code: "A local agency may pay compensation for attendance at occurrences (other than meetings) only if the governing body has adopted, in a public meeting, a written policy specifying other types of occasions that constitute the performance of official duties for which a member of the legislative body may receive payment."

## **7. Board Travel**

The Board has decided that it is in the District's best interests if its Directors participate, from time to time, in conferences, seminars, and meetings related to the governance of public agencies, especially agencies responsible for wastewater collection, treatment, and disposal. The Board has adopted the following policies for Director participation; additionally, Directors are required to comply with ethical, disclosure, and conflict of interest laws and standards.

### **Vendor/Consultant Benefits**

The Board discourages the acceptance of gifts, gratuities, trips, and similar incentives and benefits from vendors and or consultants.

### **Registration**

Registration fees for conferences, seminars, workshops, and meetings will be paid directly and in advance by the District. Extra registration or other fees for spouses or guests will not be paid by the District.

### **Transportation**

An authorized Director should try to arrange for the District to be billed in advance for public transportation. The use of a private vehicle will be compensated at the mileage rate allowed by the Internal Revenue Service. Under no circumstance will the reimbursement for transportation expense exceed the lowest cost for round trip airfare from Santa Barbara to the meeting site. Special travel requirements, such as rental car, taxi, or shuttle service, will be reimbursed from receipts and records provided by the Director. Travel costs for spouses or guests will not be paid by the District.

### **Lodging**

If overnight stay is required, the authorized Director should arrange for the District to be billed in advance for lodging expenses. If prior arrangements are not possible, the Director may pay for lodging costs and reimbursement will be made from receipts and records. The District reimburses only the expense of normal lodging at a single occupancy rate, plus tax. It does not reimburse extra services or entertainment.

### **Meals**

Directors will be compensated for meals, including non-alcoholic beverages, taxes, and gratuities purchased at their expense, unless these are provided by the conference or seminar, not to exceed the per diem rates periodically established and published by the County of Santa Barbara. The cost of meals offered as part of the conference format shall be fully reimbursed, unless the cost of such meals is covered in the conference registration fee.

## **8. Conflict of Interest**

### **Statement of Economic Interests**

Directors shall file statements of economic interest (Form 700) as required by the Fair Political Practices Commission; *see* 2 California Code of Regulations, section 18730. If newly appointed or elected, a Director must file an Assuming Office Statement within thirty days of assuming office. Annual statements for all Directors, covering the prior calendar year must be filed by April 1st. A Director must file a Leaving Office Statement within thirty days of leaving office.

### **State Regulations**

All provisions of 2 California Code of Regulations, section 18730 and any amendments thereto are incorporated by reference.

### **Compliance Requirements**

Directors shall comply with all provisions of the District's conflict of interest code, which the Board reviews every two years and files with the County of Santa Barbara.

### **Abstaining from Voting**

When a disqualifying and disclosed financial conflict of interest exists, a Director shall abstain from participating in Board decision-making.

When a Director's actual or potential disqualifying financial conflict of interest should arise in the course of Board business, a Director shall disclose the conflict and should expect to abstain from discussion and voting on the related matter. When a Director should become aware of a potential or actual financial conflict of interest arising from an item being considered for an agenda or that has been noticed on a Board meeting agenda, the Director shall immediately inform the General Manager to allow determination whether it is a disqualifying conflict of interest.

A Director shall not attempt to influence how other Directors vote when a Director has a disqualifying financial conflict of interest.

When a Director has a disqualifying financial conflict of interest, immediately before the agenda item is discussed the Director shall disclose on the record and with sufficient specificity the actual or potential disqualifying financial conflict of interest, except a residence address.

Generally, if a matter is not on the consent agenda, a Director shall leave the Board table during deliberation of or action on the agenda item for which the Director has a disqualifying conflict, but the Director may remain in the hearing room and address the Board on the matter solely as a member of the public. (Government Code sections 87100, 87101, 87103, 87105, 87200; FPCC regulations 18700 - 18707).

### **Incompatible Offices**

A Director shall not hold incompatible public offices. A Director may not hold any other public office with any duty that might require action contradictory to or inconsistent with his or her duties as a District Director. At all times, a Director's sole loyalty should be to the District. Each Director shall become informed of and adhere to the requirements of section 1099 of the Government Code.

## **9. Board Training**

### **Ethics Training**

Every two years, each District Director is required to receive at least two hours of required ethics training pursuant to Government Code §532.35. Each new Director must complete this ethics training within one year of taking the oath of office and every two years thereafter.

### **Sexual Harassment Training**

Every two years, each Director is required to receive two hours of sexual harassment training pursuant to Government Code §12950.1. Each new Director shall receive this sexual harassment training within six months of taking office and every two years thereafter.

The District shall provide the Directors with information and education opportunities to satisfy the required board training. Directors may be allowed actual and necessary travel, meals, and lodging to attend trainings as approved by the Board.

Upon completion of required training, Directors shall file documentation to prove they have received required training to the Clerk of the Board.

## **10. Revision Log**

The Board Policies and Procedures Manual should be reviewed annually by the Board of Directors. This review shall focus on evaluating the effectiveness of the Manual, and ensure that there are no conflicts between the manual and any actions taken by the Board in the previous year. Any time substantial changes are made to the Board Policies and Procedures, the General Manager will present the changes to District staff.

The table below provides a revision log for recent versions of Board Policies and Procedure manuals:

Revision Date	Document Name	Editors
June 2021	Board of Directors Policy and Procedure Manual 2021	Ad hoc Committee (Directors Johnson and Newquist)
November 2021	Board of Directors Policy and Procedure Manual 2021	Ad hoc Committee (Directors Johnson and Newquist)



# Montecito Sanitary District

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## MONTECITO SANITARY DISTRICT STAFF REPORT – 6

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**DATE:** May 17, 2023  
**TO:** Board of Directors  
**FROM:** John Weigold, General Manager  
**SUBJECT:** General Manager Report

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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 Cliff Mauer, Director, Santa Barbara City Public Works on April 21, 2023. We discussed a number of operational and policy subjects, and he provided referrals to his team to help us with contracting for engineering and construction projects. I met on April 25<sup>th</sup> with James Fabian, our municipal financial advisor for our 2007 bond financing and our 2017 bond refinancing. I met with Jennifer Rotz, our regional representative for the Association of California Water Agencies (ACWA) to discuss the organization, its current offerings and to understand current legislative issues.

### **Need For Special Meeting**

The District will need to schedule a Special Meeting, currently estimated to be June 2, 2023, in order to award the lining project for the District's component of the Highway 101 Sewermain Relocation Project. Complex scheduling requirements set by CalTrans made it impossible to schedule this at one of the District's Regular Board meetings.

### **Financial Advisor**

On March 25, 2023, I met with James Fabian, Principal at Fieldman, Rolapp & Associates, Inc. who served as the District's financial advisor for the 2007 revenue bond financing and the 2017 refinancing. We reviewed the current status of our current bonds and discussed the District's current financial and operational situation. In order to meet our disclosure requirements to the financial markets, I have executed a professional services contract with the firm to assist the District with the preparation and filing of the

continuing disclosure annual report for the 2017 Bonds. The fee is \$1500 per year with a rate schedule for additional (optional) services if required.

### **Facilities Update**

The District will be replacing old and outdated gate control equipment at the maintenance building gate and will be installing remote gate controls and lighting at the administrative office gate location. The District will also be adding air conditioning in the administrative and operations building, the last of the District's buildings to add this feature.

### **Groundwater Monitoring Well**

The Montecito Groundwater Sustainability Agency (GSA) will begin the process of drilling the groundwater monitoring well on the District's facility starting on May 9, 2023. The well will provide data for saltwater infiltration, water quality among other data.

### **January Storms Damage Projects Update**

Staff has continued its meetings with FEMA and CalOES representatives to convey status of the projects. Staff are looking to add a bar screen to the treatment plant, which would be located near the headworks. This equipment has the potential to be partially funded by FEMA as a mitigation measure for protecting the grinder motors, influent pumps as well as other downstream treatment processes. Staff has received quotes for providing temporary protection to the exposed pipe within the Ennisbrooke HOA and plans to move forward with the work in the coming weeks. No further updates regarding the other three creek restoration projects.

### **Water Recycling Funding Program Planning Grant**

District staff submitted our draft recycling study plan for reimbursement for the first half of our grant (\$109,965) of our total grant of \$219,930.

### **Roundabouts – Phase 2 Work**

Staff is coordinating with Tierra to begin lowering manholes as required by Granite, located at the San Ysidro roundabout project site.

### **Hwy 101 Sewer Relocation - Protect-In-Place (PIP)**

Staff plans to go out to bid on this project on May 9, 2023. It is anticipated the District will need to sign a Utility Agreement (UA) to cost share the proposed mitigation efforts with Santa Barbara County Association of Governments (SBCAG). The cost share is anticipated to be \$550,000, which would be in addition to the forthcoming PIP project. This UA is required for the Caltrans Policy Exception to be approved by headquarters.

### **Posilipo Force Main Relocation and Restoration – Phase 1**

The project was awarded to Toro on April 28, 2023. Toro was given notice to proceed with the work and preconstruction activities are ongoing.

## 12-Month Effluent Flow / Rainfall

