

SUMMERLAND SANITARY DISTRICT

2435 Wallace Avenue
Regular Board of Directors Meeting
Thursday, June 13, 2013, at 5:00 p.m.

MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:06 P.M. BY PRESIDENT COLOMY.

I. ROLL CALL

DIRECTORS PRESENT: JOLENE COLOMY
BETTY FRANKLIN
DAVID NOVIS
MARTIN TUCKER

ABSENT: JOHN FRANKLIN

ALSO PRESENT	JIM McMANUS	General Manager
	MARJON SOUZA	Office Manager/Clerk to the Board
	Bill Hair	Legal Counsel
	Tom Gaffney	Consultant Bartle Wells & Associates
	Public	See attached list

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF THE AGENDA

Secretary B. Franklin moved to approve the Agenda. The motion was seconded by Director Tucker and passed with four ayes.

IV. PUBLIC COMMENT

None

V. PUBLIC HEARING ON PROPOSED SEWER SERVICE RATE INCREASE PURSUANT TO ARTICLE XIII D, CALIFORNIA CONSTITUTION (Proposition 218) BOARD ACTION FOLLOWING HEARING

President Colomy opened the Public Hearing concerning the proposed increase in the District's Sewer Service Fees pursuant the requirements of Proposition 218. Additional fees are to be charged to each sewer service connection serviced by the District, and vary by customer class. President Colomy invited any person who wished to testify, protest or otherwise offered comments as to the proposed increase after submittal of a speaker slip.

Mr. Malott: testified against the rate increase. Mr. Malott is co-owner of a 30-unit apartment complex and most of the apartments are about 534 sq.ft. Mr. Malott said that he did not object to the rate increase itself but objected about the distribution of the sewer rates. As an owner of small apartments, he expressed that he pays more than his fair share. Mr. Malott asked the Board of Directors to reconsider the rate structure and showed illustrations and examples to the Board.

Mr. Smith: was present as the attorney of Mr. Malott. Mr. Smith asserted that California law requires that rates cannot exceed costs of service. With his examination of the rate structure, he said that Summerland Sanitary District has 20 different user classifications for commercial properties, but that there are not different rates for residential properties. He said that he would like to see this changed.

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Other districts do this and it can be done different ways: by adopting base rates and billing on water usage, or fixture count. Mr. Smith asserted that many Districts have been legally challenged on this and as a result they had to change their fee structure.

Mr. Lukels: is owner of a very small unit and said he is objecting the rate increase. He feels that it's unfair.

Mrs. Berbelis: Introduced herself as the wife of Mr. Lukels and that she, also, objected the rate increase. She feels that they are being charged too much proportionally for the small units that she owns.

Mr. and Mrs. Ramstrum: Both object to the proposed rate increase. They said that they wanted to see the sewer fee charges being based on water usage.

Ms. H. Hauser: spoke on behalf of Heal the Ocean. Ms. Hauser said she agrees to the rate increase and feels is not very much for such a basic, very important service. Ms. Hauser said she would like to work with the District on finding funding for possible recycling of the District's outfall water in the future.

Ms. Goff: opposes the rate charges from the District. Ms. Goff owns a duplex in town, and she said she previously contacted the District to express her opinion that the cost of the use of the sewer is unfair. Ms. Goff feels it's illegal to charge the same amount for duplexes as for single family dwellings.

President Colomy asked if any other person from the public wished to speak: there was none. The record showed that in accordance with Proposition 218 and its implementing statutes, notice of the proposed increase and this hearing was mailed on April 24, 2013, to all record owners of identified parcels subject to the charge. Notice has also been published in a newspaper of general circulation, printed and published within the District on April 26, 2013. President Colomy said that at the end of this hearing the Board of Directors will consider adoption of Ordinance No. 15, authorizing an increase in the Sewer Service Fee to an annual service rate of \$909.81 for each equivalent residential unit with an increase of 3% for each the next four fiscal years. Anyone wishing to present the District with written opposition to these rate changes must do so before the close of this public hearing. One written protest per parcel, filed by an owner or tenant of the parcel, shall be counted in calculating whether a majority protest exists to this proposed increased charge.

In addition, the District is proposing to make a separate charge to each of the 15 parcels served by a lift station for the costs of operating the lift station. This charge is in addition to the applicable sewer service charge and will be \$400.00 per parcel for fiscal 2013/14, \$800.00 for fiscal 2014/15, and \$1,200.00 for fiscal 2015/16. One written protest per parcel, filed by an owner or tenant of the parcel, shall be counted in calculating whether a majority protests exists for this proposed lift station charge.

President Colomy asked if there was anyone who wanted to testify, protest or otherwise offer comments: there were none.

The Summerland Sanitary District engaged the firm Bartle Wells Associates to analyze the District's charges and it has rendered a written report and recommendation which will be made a part of the record of these proceedings. The report dated April 10, 2013, has been and is available for public review. Mr. Tom Gaffney of Bartle Wells was invited to summarize his findings and answer any questions that the Board might have. The Board had no questions. Mr. Gaffney said that the District is in overall good financial shape but capital reserves are not adequate. After the rate study survey, an increase was recommended to build up capital replacement budget. Mr. Gaffney said it is very difficult to base rates on water consumption, especially now with water conservation. Most of the costs of operating this sewer facility are fixed costs.

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General Manager, Jim McManus was invited to speak at this point. Mr. McManus added that, while no one wants an increase in rates, the overall costs of operating the facility and infrastructure continue to increase and there are more demands made by the State Water Resources Control Board. President Colomy thanked General Manager McManus and asked if there were additional comments from the Board; there were none.

Mr. Smith requested to speak which was approved by President Colomy. Mr. Smith said that his client Mr. Malott was not objecting to the rate increase by itself but was objecting to the proportional distribution of costs to users, specifically the rate structure and smaller homes versus larger homes. Mr. Malott requested to be placed on the agenda of the next board meeting to discuss distribution of rates.

President Colomy asked the public if there were any additional written protests to be presented to the District: there were none.

President Colomy closed the hearing and asked the Clerk of the Board to present the results of its tabulation of written protests for the proposed increase to the District's Sewer Service Fees and the proposed lift station charge. Clerk of the Board Souza reported that there were 474 parcels notified for the District Sewer Service fees and five written protest letters were received. For the proposed Lift Station Charge 15 parcels were notified and there were no protest letters received.

To certify the results of the Proposition 218 majority protest process authorizing an increase in the District's Sewer Service Fees, Clerk of the Board Souza reported that there were 474 parcels notified in the Summerland Sanitary District and the District received five written protest letters. There was no majority objection from the public to increase the District Sewer Service Fees. For the proposed Lift Station Charge the district did not receive protest letters and therefore there was no majority protest for this charge.

To certify the results of the Proposition 218 majority protest process authorizing an increase in the District's Sewer Service Fees, President Colomy at this time asked for a motion to adopt Ordinance No. 15.

Director Tucker moved to adopt Ordinance 15. The motion was seconded by Director B. Franklin and the Clerk of the Board called for the vote: President Colomy voted aye, Director Novis voted aye, Director B. Franklin voted aye, Director Tucker voted aye. Director J. Franklin was absent. The vote was four in favor, one absent, and none opposed. Ordinance 15 was signed and sealed.

- VI. APPROVAL OF THE MINUTES OF THE REGULAR BOARD MEETING OF MAY 9, 2013
Secretary B. Franklin moved to approve the minutes for the regular board meeting of May 9, 2013. The motion was seconded by Director Tucker and passed with four ayes and one absent vote.
- VII. APPROVAL OF THE MONTHLY BILLS FOR THE MONTH OF MAY 2013, INCLUDING PAYROLL AND PETTY CASH
General Manager McManus answered and clarified questions the Board had about pay out of bills. Director B. Franklin moved to approve the monthly bills, including payroll and petty cash, totaling \$105,820. The motion was seconded by Director Tucker and passed with four ayes and one absent vote.

VIII. NEW BUSINESS

A. Resolution 2013-03

The Board considered adoption of Resolution 2013-03 for setting the date for a hearing in giving notice of election to collect sewer service charges. Secretary B. Franklin moved to approve the adoption of Resolution 2013-03 for setting the date for a hearing giving notice of election to collect sewer service charges. The motion was seconded by Director Novis. Roll call: President Colomy voted aye; Director Novis voted aye; Secretary B. Franklin voted aye; Director Tucker voted aye. Director J. Franklin was absent. Resolution 2013-03 was approved by four ayes and one absent vote. The resolution was signed and sealed.

B. Notice of Hearing on report to collect Summerland Sanitary District Sewer Service Charges on County Tax Roll.

The Board considered adoption of the announcement of a hearing held on July 11, 2013, in connection with the collection of sewer service rates on the County Tax Roll. Director Tucker moved to approve the announcement of the hearing held on July 11, 2013, in connection with the collection of sewer service rates on the County Tax Roll. The motion was seconded by Secretary B. Franklin and passed with four ayes and one absent vote. The Notice was signed by Secretary B. Franklin.

IX. MANAGER'S REPORT

The General Manager provided a written report on operations, facility and collection maintenance.

X. ITEMS FOR FUTURE CONSIDERATION BY THE BOARD

- Next board meeting date: July 11, 2013

XI. ADJOURNMENT

The meeting was adjourned at 6:12 p.m. by unanimous consent of the Board members present.

Respectfully submitted:

Betty Franklin
Board Secretary

Date: _____

Minutes prepared by M. Souza