

SUMMERLAND SANITARY DISTRICT
2435 Wallace Avenue
Regular Board Meeting, Thursday, December 14, 2017

MEETING MINUTES

II. APPROVAL OF THE AGENDA

Director J. Franklin moved to approve the agenda. The motion was seconded by Director Novis and passed with five ayes.

IV. APPROVAL OF THE MINUTES OF THE REGULAR BOARD MEETING OF NOVEMBER 2, 2017

Director J. Colomy moved to approve the minutes as presented. The motion was seconded by Director J. Franklin and passed with five ayes.

V. APPROVAL OF THE MONTHLY BILLS FOR NOVEMBER 2017, INCLUDING PAYROLL AND PETTY CASH

General Manager Sullivan answered and clarified questions the Board asked about pay out of bills. Director J. Franklin moved to approve the bills for November 2017, including payroll and petty cash, totaling \$91,599 for operational fund 5215 and \$1,083 for capital facility fund 5216. The motion was seconded by Director J. Colomy and passed with five ayes.

VI. PUBLIC COMMENT

None

VII. COMMITTEE REPORTS

A. Finance Committee Report

The Finance Committee did not meet.

B. Administration, Operations & Personnel (AOP) Committee Report

The AOP Committee did not meet.

VIII. NEW BUSINESS

A. Financial Report FY2016-17 and Management Report June 30, 2017

The Board received a presentation of the Annual Financial Report and Management Report FY 2016-17 presented by Tracey Solomon, CPA of Bartlett, Pringle & Wolf, LLP. The letter of Required Communication 2017 was discussed. This year there was no second letter issued on internal control issues and Ms. Solomon complimented district staff for this. Statement No. 82 Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 addressed issues regarding employee (plan member) contribution requirements was briefly discussed and have been adopted for the fiscal year ended June 30, 2017.

The financial statements were discussed and overall the District completed another year with a positive balance.

Director Colomy moved to accept the Financial Statements FY2016-17 as received. The motion was seconded by Director J. Franklin and passed with five ayes.

President Tucker proposed to discuss item VIII. on the agenda and to enter into closed session since Kevin Kostiuk from Raftelis was not present yet. All Directors were in favor

President Tucker announced that the Board went into closed session at 5:30 p.m.

CLOSED SESSION PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION
54956.6

Title: Pending Litigation

Santa Barbara Superior Court Case No.17CV01699

Cecelia Lord v. Summerland Sanitary District

President Tucker announced that the Board reconvened into open session at 5:35 p.m. Information was exchanged, but no action was taken.

B. Wastewater Rate Study: Financial Plan and Rate Study

The Board of Directors received a Financial Plan and Rate Study Report from Raftelis Financial Consultants, dated December 4, 2017. Kevin Kostiuk, a Sr. Consultant from Raftelis Financial Consultants explained the contents of the report. The financial plan was built on a 10-year projection. The proposed financial increase for the next five years is 3.5%. Financial models and the administrative fees were briefly discussed.

Director J. Franklin moved to approve the proposed recommendation made in the Financial Plan and Rated Study Report. The motion was seconded by Director Novis and passed with five ayes.

C. Authorization to Distribute Prop 218 Notice of Hearing Regarding Proposed Sewer Service Charge Rate Increase and setting a public hearing date for February 8, 2018.

The Board considered authorizing the distribution of a Notice of Public Hearing commencing a 45-day protest period for proposed sewer service charge rate increase and setting the public hearing date for February 8, 2018.

Director J. Colomy made a motion to authorize the distribution of Prop 218 Notice of Hearing regarding the proposed sewer service charge rate increase and setting the public hearing date for February 8, 2018. The motion was seconded by J. Franklin and passed with five ayes.

D. Resolution No. 2017-06: Resolution of the Board of Directors of the Summerland Sanitary District Establishing a Districts Reserve Fund Policy.

The Board considered adopting Resolution 2017-06: Establishing a District's Reserve Fund and to create a new Capital Replacement and Repair Fund 5217.

District Staff proposed to adopt a District's Reserve Fund and Raftelis Financial Consultants included these recommendations into the Rate Study Report. The following recommendations were made:

Fund 5215: six months' operational reserve fund

Fund 5216: restricted fund

Fund 5217: Capital Replacement and Repair fund with one year of annual system depreciation funds and a recommended emergency target fund of two million dollars.

Director Colomy moved to adopt Resolution 2017-06: Resolution of the Board of Directors of the Summerland Sanitary District Establishing a Districts Reserve Fund Policy. The motion was seconded by Director J. Franklin and passed with five ayes.

E. Financial Status Report

General Manager Sullivan submitted a Financial Status and Cash Balances Reports for Fund 5215 & 5216 and gave explanation where requested.

VIII. OPERATIONS FACILITY AND COLLECTION REPORT

The General Manager will provide a written report on operations, facility and collection maintenance. The District's 457(b) provider Lincoln Financial contacted the District to renew its contract since they merged with another company. District staff has been unhappy with the services of Lincoln Financial and wishes to explore other options, including closing the 457(b) plan and transferring to an IRA. General Manager Sullivan would like to receive approval of the Board to do so; the Board gave General Manager Sullivan permission to proceed. Clerk of the Board Souza was very happy to announce that she recently completed the Business Accounting Certificate Program at UCSB.

IX. ITEMS FOR FUTURE CONSIDERATION BY THE BOARD

- Closed session pursuant CA Government Code Section 54956.6
- Update on Recycled Water Development

X. ADJOURNMENT

The meeting was adjourned at 6:05 p.m.

Respectfully submitted:

Betty Franklin
Board Secretary

Date: _____

Minutes prepared by M. Souza