



Minutes of the Regular Board of Directors Meeting

Thursday, January 12, 2023, at 3:00 p.m.

These are the minutes of the regular meeting of the Governing Board of the Summerland Sanitary District held at the District's Office at 2435 Wallace Avenue, Summerland, California.

The public was able to listen to the meeting telephonically by calling +1 669 900 6833 (San Jose), code 983 226 8568, or through the internet at <https://us02web.zoom.us/j/9832268568>. The public was also allowed to attend the meeting.

The agenda notice for this meeting, including instructions for the public to provide comments and/or participate in the electronic meeting, was posted on the district's website and bulletin board and at the Post Office at least 72 hours in advance of the meeting.

PRESIDENT COLOMY CALLED THE REGULAR BOARD MEETING TO ORDER AT 3:00 p.m.

I. CALL TO ORDER/ROLL CALL

| | |
|-------------------|--|
| DIRECTORS PRESENT | JOLENE COLOMY JOHN FRANKLIN GARY ROBINSON MARTIN TUCKER JAMES WITMER |
|-------------------|--|

ABSENT

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|----------------|---|---|
| OTHERS PRESENT | DAVID LEWIS JANET MCGINNIS TRACY SOLOMON, CPA MARJON (MAR) SOUZA | Operations Manager Legal Counsel Bartlett Pringle & Wolf, LLC Administrative Manager |
|----------------|---|---|

II. PLEDGE OF ALLEGIANCE

IV. APPROVAL OF THE AGENDA

President J. Colomy asked if there were any modifications and/or changes. Hearing no objections, the agenda was approved as submitted.

V. PUBLIC COMMENT [NON-AGENDA ITEMS]

No public comments were submitted, and Mr. Simpson from MNS, Inc. was present via zoom.

VI. APPROVAL OF THE MINUTES FOR THE REGULAR BOARD MEETING OF DECEMBER 8, 2022[Action Item]

A motion was made by Director J. Franklin to approve the minutes of the Regular Board Meeting of December 8, 2022. The motion was seconded by Director J. Witmer, and was carried by the following roll call vote:

| | | |
|----------|---|---|
| AYES: | 5 | J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer |
| NOES: | 0 | None |
| ABSENT: | 0 | None |
| ABSTAIN: | 0 | None |

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VII. APPROVAL OF THE MONTHLY EXPENSES FOR DECEMBER 2022, INCLUDING PAYROLL AND PETTY CASH [Action Item]

District Management answered the Board's questions and clarified information about the payout of bills. A motion was made by Director J. Franklin to approve the monthly expenses, including payroll and petty cash totaling \$89,832 for Fund 5215 and \$8,999 for Fund 5217. The motion was seconded by Director M. Tucker, and was carried by the following roll call vote:

| | | |
|----------|---|---|
| AYES: | 5 | J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer |
| NOES: | 0 | None |
| ABSENT: | 0 | None |
| ABSTAIN: | 0 | None |

VIII. COMMITTEE REPORTS

A. Finance Committee Report

The Finance Committee met with Ms. Lechowicz and District staff on December 19, 2022. The Financial Report was presented by Ms. Lechowicz. Ms. Lechowicz answered the committee's questions, and the Financial Report was updated. The Finance Committee recommends that the Board accept the report and move forward with the second phase of the rate study.

B. Administration, Operations & Personnel (AOP) Committee

The AOP Committee did not meet.

VIII. NEW BUSINESS ITEMS

A. Financial Statements FY2021-22 and Management Report June 30, 2022 [Action Item]

The Board received a presentation of the Annual Financial Report and Management Report FY 2021-22 by Tracey Solomon, CPA of Bartlett, Pringle & Wolf, LLP. The Board was requested to accept the Financial Statements as presented.

The District's net position on June 30, 2022, totaled \$3,740,627 compared to \$3,800,655 on June 30, 2021, as a result of an operating loss of \$84,706 and non-operating income of \$24,678. The activity attributable to the changes was discussed through the statements of revenues, expenses, and changes in net position. The cash flow statement and some of the notes to the financial statements were discussed and further explained.

A motion was made by Director J. Franklin to accept the Annual Financial Statements and Management Report as presented. The motion was seconded by Director J. Witmer, and was carried by the following roll call vote:

| | | |
|----------|---|---|
| AYES: | 5 | J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer |
| NOES: | 0 | None |
| ABSENT: | 0 | None |
| ABSTAIN: | 0 | None |

The Board President Ms. J. Colomy thanked Ms. Solomon for the great audit work performed and at this point, Ms. Solomon left the meeting.

B. Outfall Replacement Rough Order of Magnitude (ROM) Cost Estimate [Action Item]

The Board received the 2022 Summerland Sanitary Outfall Replacement Rough Order of Magnitude Cost Estimate for review and acceptance.

Mr. Steve Simpson from MPM, Inc. was present and answered questions from the Board members.

The report and cost estimate were used for the calculation of the cost-of-service for the financial plan and the rate study will be used to start the grant request process. The outfall replacement process is estimated to take anywhere from two to three years to complete.

C. Draft Financial Plan and Proposed Sewer Rates [Action Item]

The Board received the Draft Financial Plan and Proposed Sewer Rates (dated January 6, 2022) from Lechowicz + Tseng Municipal Consultants for review and acceptance. The Board was requested to consider moving forward with the second phase of the Rate Study.

Ms. Alison Lechowicz presented the Financial Plan and Proposed Sewer Rates via Zoom. Ms. Lechowicz explained the cost-of-service calculation, which includes the ocean outfall replacement project. The reserve recommendations were discussed, including cash flow projections, cost allocation (with the fixed and variable components), unit cost, the proposed residential and non-residential categories, the proposed annual sewer rates, and a rate survey of surrounding districts. Ms. Lechowicz answered questions from the Board members. The overall annual sewer rate increases for the upcoming year in the report are 8% for the first two years and 3.5% for the last 3 years. The rate increases reflect the cost-of-service requirement for the expected replacement of the ocean outfall, CPI adjustment, and the change in the cost allocation in the residential categories.

The Finance Committee recommended accepting the report and moving forward with the second phase of the Rate Study.

The Board said that they will continue exploring merging with a neighboring district, but this process will take time and further analysis. The Board agreed that at this point moving forward with the rate study second phase is a fiscally responsible action for the District.

A motion was made by Director J. Franklin to accept the January 6, 2022, Financial Plan and Proposed Sewer Rates as presented and to move forward with the second phase of the Rate Study. The motion was seconded by Director J. Witmer, and was carried by the following roll call vote:

| | | |
|----------|---|---|
| AYES: | 5 | J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer |
| NOES: | 0 | None |
| ABSENT: | 0 | None |
| ABSTAIN: | 0 | None |

Ms. Lechowicz will provide a Proposal for services to complete the second phase of the Rate Study which will be discussed at the next Regular Board Meeting on February 9, 2023. Legal Counsel will start drafting the Rate Ordinance thereafter.

D. Montecito Bank & Trust Business Resolution 2023-01[Action Item]

The Board was requested to approve Resolution No. 2023-01 adding the new Operations Manager, Mr. David W. Lewis, as an authorized signatory for the Montecito Bank & Trust Petty Cash Account.

A motion was made by Director J. Witmer to approve Resolution No.2023-01 adding

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Operations Manager, Mr. David W. Lewis, as an authorized signatory for the Montecito Bank & Trust Petty Cash. The motion was seconded by Director J. Witmer, and was carried by the following roll call vote:

| | | |
|----------|---|---|
| AYES: | 5 | J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer |
| NOES: | 0 | None |
| ABSENT: | 0 | None |
| ABSTAIN: | 0 | None |

X. FINANCIAL STATUS REPORT – NOVEMBER 2022 [Action Item]

The Board received Financial Status and Cash Balances Reports for Funds 5215, 5216, and 5217, and staff provided explanations as requested.

A motion was made by Director J. Franklin to accept the Financial Status Report of December 2022. The motion was seconded by Director J. Witmer, and was approved by the following roll call vote:

| | | |
|----------|---|---|
| AYES: | 5 | J. Colomy, J. Franklin, G. Robinson, M. Tucker, J. Witmer |
| NOES: | 0 | None |
| ABSENT: | 0 | None |
| ABSTAIN: | 0 | None |

IX. OPERATIONS MANAGER REPORT

Operations Manager D. Lewis provided a written report and answered Board questions. In addition to the report, Mr. Lewis reported that the Outfall Buoy (including the chain) separated from the outfall pipeline anchor cement block during the winter storm, which included unusually high surf. Mr. Lewis found the buoy on the beach a mile down the road and retrieved the buoy with staff when the tide was low enough. Salty Dog Dive Service was contacted for an estimate to reinstall the buoy.

Staff prepared the plant and collection systems in advance for the expected rain; the plant could barely keep up with the inflow, but everything worked out well with a couple of adjustments; no spills occurred.

X. ADMINISTRATIVE MANAGER REPORT

Administrative Manager M. Souza provided a written report and answered Board questions. Mr. Lewis and Ms. Souza spoke to Mr. Turner, the General Manager of Montecito Water District this morning. A grant request was submitted on December 15th by the Montecito Ground Sustainability Agency for a feasibility study for the indirect portable transport of recycled wastewater from the Montecito Sanitary District (MSD) to the Carpinteria Sanitary District (CSD) for injection into groundwater basins. MSD supported this project for the grant request. Ms. Souza reached out to Mr. Turner to learn what this project could mean for SSD. Mr. Turner said that if this project would take place, SSD could potentially transport its sewage to MSD where it would be recycled and transported to CSD. He also said that this project is in its infancy, no grant approval has been received, and the overall cost might prevent moving forward. Ms. Souza will keep in touch with Mr. Turner regarding further developments.

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XI. BOARD COMMUNICATIONS

- A. Board communications: None
- B. Items for future Board meetings: Proposal for Services for Second Phase Rate Study.
- C. The next regular board meeting is Thursday, February 9, 2023.

XII. ADJOURNMENT

A motion was made by Director J. Witmer to adjourn the Regular Board Meeting at 5:20 p.m. and was seconded by Director J. Franklin and carried by five ayes.

Respectfully submitted:



Gary Robinson
Board Secretary

Date: February 9, 2023

Minutes prepared by M. Souza