

SANTA YNEZ COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS

Minutes of the Special Meeting
October 28, 2015
5:30 P.M.

PRESENT: David Higgins Carl Maler
 David Seymour Barry Marks
 Frank Mueller

ALSO

PRESENT: Jeff Hodge, General Manager
 Wendy Berry, Secretary/Treasurer
 Rick Battles, Legal Counsel

1. **CALL TO ORDER:** The meeting was called to order at 5:36 p.m.
2. **ROLL CALL:** Higgins, Seymour, Maler, Mueller, Marks
3. **PLEDGE OF ALLEGIENCE**
4. **DIRECTOR COMMENTS:** Director Seymour stated the main speaker at the SBCSDA monthly meeting was Christina Lokke and she gave CSD legislative update.
5. **PUBLIC COMMENTS:** None
6. **APPROVAL OF MINUTES:** Review for Board approval draft minutes of the Regular Meeting of September 16, 2015. Director Higgins motioned to accept the minutes of the Regular Meeting of September 16, 2015, Director Seymour seconded and the motioned passed with five ayes.
7. **VOUCHER PAYMENTS:** Review for Board ratification payments made from September 17, 2015 through October 28, 2015 and approve voucher payment requests, if any. Director Higgins motioned to ratify the voucher payments, Director Maler seconded and the motion passed with five ayes.
8. **ADOPT RESOLUTION 15-11 RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF THE SANTA YNEZ COMMUNITY SERVICES DISTRICT, REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO AMEND THE DISTRICT'S SPHERE OF INFLUENCE.** Jeff Hodge reported at the District's September meeting, the District received approximately 130 signatures requesting to annex Los Olivos into the Santa Ynez Community Services District. At that meeting, the Board of Directors authorized staff to prepare the paperwork to increase the District's Sphere of Influence to include Los Olivos. Los Olivos needs to be within the District's sphere of influence to determine how the need for sewer service would be provided before annexation

could take place. Director Higgins reported the District has been speaking about Los Olivos for about five years. The District is here to provide Los Olivos an avenue to remedy the situation and assist them and this is one of the steps to go through. Public discussion for this item was open at 5:44 p.m. Harvey Saarlos reported, "Los Olivos has a steering committee of 16 people and the committee is trying to take the 12 options and come up with the best solution. He would like the resolution suspended and have more time to look into this option." Mark Herthyl would like this item postponed. He stated, "the steering committee composed of 16 individuals is representing the entire committee of Los Olivos. The steering committee realizes that Los Olivos is on the top of the Regional Water Quality Control Board list and they don't want to become Los Osos. The steering committee has undertaken a feasibility exercise and a letter to County EHS for funding a feasibility study will be sent shortly and an engineering firm will be hired. Mark wants to make sure their feasibility study corresponds with the District's feasibility study. Mark also stated the 130 signatures gathered for annexation that Heal the Ocean sent out were based on little information." Paul Hood, the LAFCO Executive Officer reported annexing Los Olivos came up a few years ago at the District's Board meeting and it was delayed. He thinks it's a good move on the part of the District to go in this direction if the community wants it and delaying it a few more months won't hurt but LAFCO will accept the application if the Board approves the Resolution. Hillary Houser from Heal the Ocean stated, "The Proposition 1 money is available for Los Olivos. The LAMP is taking affect January 1 and Los Olivos will get a reprieve from the LAMP if progress is being made to get Los Olivos off septic systems. If the SYCSD approves the Resolution, this shows progress is being made. Hillary was approached by several Los Olivos community members because they were scared of being forced into the Advantex systems. Hillary also stated approving the Resolution shows progress is being made and is moving forward and that the residents of Los Olivos will have to vote to have Los Olivos annexed into the SYCSD, going around and around is not making progress." Brian O'neal, works for AECOM and stated, "The steering committee is in the process of developing a focus feasibility study and he wants to have the Board delay the vote until the next meeting. He also states if the Board approves the resolution the funding for Los Olivos and the District may be jeopardized. He states he would like to postpone this resolution and he is not against it, possibly for it but wants a community based-valley based way to make sure they don't go down the Los Osos path." Jay Richolson stated, "a focus feasibility study is in the beginning phase and a letter will be sent to EHS requesting funding for the study for Los Olivos. The steering committee is not a standing committee that is not recognized or appointed, the steering committee is just a group of people that got together because a solution needs to be found for the special problems area in Los Olivos. He also states putting the vote off for a week accomplishes nothing and in a week there won't be any more new information and what will be lost is opportunity for funding." Winston Craven states he has attended every meeting in Los Olivos and he gathered most of the signatures on the petition for annexation because the residents of Los Olivos want a simple solution and he believes a regional plant that serves the valley is the cheapest and best solution of the valley. Doug Herthyl doesn't want to see a Los Osos so give this group four months and technology will solve the problem and give the people time to know about it. It would be great if we could run something down to Solvang but was told that is not possible. Steve Pappas stated, "He supports waiting four months and

nobody knows what is going on and for transparency reasons to do this right and you want the support from the people who lived there. Annexation requires a majority vote and a ballot measure.” Public discussion was over at 6:17 p.m. Jeff Hodge reported that when the signatures were presented to the Board it showed that the Los Olivos community was interested in having the SYCSD involved to help solve the sewer and approving the resolution gives the SYCSD more availability on a regular basis to be involved with Los Olivos and to have open communication and conversations because the general manger is held to specific rules. Jeff Hodge also states the SYCSD is an entity that can pass the funding on to the projects and there would be transparency to where that money is coming and going. Rick Battles stated, “The Board sent a letter to the County Supervisor suggesting a feasibility study analyzing all the options would be the first step and the County opted not to do that. It is up to the Board whether the Board wants to wait until the feasibility study is done to see what the best options are or move forward.” David Seymour stated, ‘a group from Los Olivos asked the Board to do something the District started the process to move forward with Los Olivos. David Seymour attended a meeting approximately five years ago regarding Los Olivos.” David Higgins stated, “the District wants to help in whichever way Los Olivos wants to go and it is what the citizens of Los Olivos want but waiting is not the answer.” Public discussion is open again at 6:38 p.m. and someone asked about how the pipe would run down the road and one of the reports states it’s not feasible, Mark Herthyl stated, “the feasibility study will hopefully get funded by EHS if not Los Olivos will do a fundraiser to raise the money, it is up to the community to where Los Olivos will end up and Hillary was very informed but there were parts of her letter that were not informative and confusing our community will not be successful.” Hillary stated, “1. Heal the Ocean works with EHS and the Hannabeth Fund of \$2 million dollars that funds septic to sewer and pays for annexation, engineering and how you find out the cost. They do not pay for studies. 2. The questionnaire was sent to every property in Los Olivos and the response was overwhelmingly great and to figure the cost and the feasibility study is not in the definition of the funding requirements.” Director Higgins stated, “that all this resolution does is ask LAFCO if Los Olivos can be included in the SYCSD Sphere of Influence and LAFCO will determine if it is possible and LAFCO will notify every resident in Los Olivos and if the residents don’t want to be included, the residents can tell LAFCO and LAFCO will determine the end result. Steve Pappas stated the questionnaire should have said sphere of influence instead of annexation after he started arguing and being confrontational, the public discussion was closed and went to the Board for a vote. Director Higgins motioned to adopt Resolution 15-11, Director Marks seconded and the motion passed by a roll call vote: ayes, Higgins, Maler, Marks, Mueller nays; Seymour.

9. **PRESENTATION OF DRAFT FINANCIAL AUDIT REPORT BY CHRIS BROWN FROM FEDAK AND BROWN, LLP.** Chris Brown from Fedak and Brown presented the audit results to the Board. The audit went extremely well. Revenue increased significantly because of the Golden Inn connection fees and expenses decreased. The District is still debt free. The final draft will be presented to the Board for approval at the November meeting. Director Higgins motioned to accept the draft financial audit report and Director Seymour seconded and the motion passed by a roll call vote: ayes; Higgins, Marks, Maler, Seymour,

Mueller.

10. **APPROVE STAFF TO PREPARE THE PAPERWORK FOR ANNEXATION OF NON-ANNEXED PARCELS WITHIN THE CURRENT SPHERE OF INFLUENCE.** The SYCSD has received funding for the design of the West Santa Ynez area for a centralized sewer system installation. Factors prompting the District to move forward is the adoption of the LAMP and request from citizens for service. This area has been included in the 2003 Septic System Sanitary Survey and is identified as a focus area by the County of Santa Barbara with heaviest concentrations of septic systems and areas of potential greatest concern from public health and water quality perspective. These parcels are already included in the SYCSD's sphere of influence. At 7:17, public comments began for this item. Hillary Houser reported on the funding available for this project Paul Hood, the Executive Officer of LAFCO reported preparing a Resolution for annexation is the next step in the process and the Commissioners of LAFCO would be in favor of annexing the whole area instead of annexing in one parcel at a time. At 7:26 p.m. public discussion was closed. Director Seymour motioned to approve staff to prepare the paperwork for annexation of this area into the District and Director Higgins seconded and the motioned passed with five ayes.
11. **REVIEW AND APPROVE BUDGET/ACTUAL REPORT FOR FISCAL YEAR 2014/2015:** This report is for the Board's review comparing the budget vs. actual revenue and expense for fiscal year 2014/2015. Total revenue is was \$1,548,736. Connection fee revenue was \$438,041 and annexation revenue was \$1,971.00. Total expense was 1,229,021.00. The District transferred from reserves, \$25,106.00 for the District's portion of Solvang's capital project cost and \$15,762.00 for GIS. Total amount going into reserves is \$321,110.00.
12. **TREASURER REPORT:** Pursuant to Government Code §61053 for quarter ending 09/30/2015 staff reviewed the Treasure Report with the Board. LAIF's interest rate was .32%. The District earned \$1,126.53 in interest, \$106.45 from LAIF, \$1,018.96 in Rabobank money market and \$1.12 in regular checking. Total cash is \$2,463,944.10.
13. **STATUS OF RESERVES:** Staff presented the status of reserves for the fiscal year ending 06/30/2015. \$321,110 was transferred into the Operating Reserve from revenue over expense.
14. **REVIEW RFP'S FOR SEWER RATE STUDY AND AWARD THE CONTRACT TO THE SELECTED FIRM.** The SYCSD received five RFP's for the 2015/2016 Sewer Rate Study. The Finance Committee reviewed the RFP's on October 27, 2015. Staff reviewed the RFP's with the Board. The Finance Committee recommended Tuckfield and Associates. Director Marks motioned award the contract for the sewer rate study to Tuckfield and Associates. Director Higgins seconded the motion and it passed by a roll call vote: ayes; Higgins, Maler, Mueller, Seymour, Marks.

15. **STAFF REPORTS**

Manager's Report – None

A. Legal Counsel's Report: Rick Battles reported on SB 272 will require the District to conduct a system-wide inventory of all data it collects and make that information available to the public. The Bill requires the District to:

1. Create a catalog disclosing a list of the “enterprise systems” utilized by the District;
2. Make the catalog publicly available upon request; and
3. Post the catalog in a prominent location on the District’s web site.

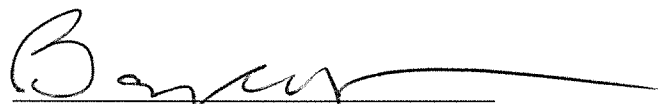
B. Secretary/Treasurer Report: None

C. Committee Reports: The Finance Committee met on October 27, 2015 to review the sewer rate study RFP’s and they selected Tuckfield and Associates as recommended in Item 14 above.


16. **TENTATIVE AGENDA ITEMS FOR FUTURE MEETINGS:** Employee Handbook, Sewer Code, Design specs, Mainline Extension Agreement.

17. **ADJOURNMENT:** The meeting was adjourned by President Marks at 8:10 p.m.

APPROVED:



Barry Marks, President of the Board



Wendy Berry, Secretary of the Board