

**RELIABLE SINCE 1921**

583 San Ysidro Road  
Santa Barbara, CA 93108-2124

**Phone:** 805.969.2271

**Fax:** 805.969.7261

**Email:** info@montecitowater.com

**Web:** montecitowater.com



**Board of Directors**  
Kenneth Coates, President  
Brian Goebel, Vice President  
Cori Hayman, Director  
Tobe Plough, Director  
Floyd Wicks, Director  
**General Manager and  
Board Secretary**  
Nick Turner

**APPROVED**  
**REGULAR MEETING MINUTES**  
*of the*  
**BOARD OF DIRECTORS**  
**MONTECITO WATER DISTRICT**  
**583 SAN YSIDRO ROAD, MONTECITO, CALIFORNIA**

**TUESDAY, JUNE 25, 2024**  
**9:30 A.M.**

**AGENDA**

**1. CALL TO ORDER, ROLL CALL, DETERMINATION OF QUORUM**

President Coates called the meeting to order at 9:30 a.m.

Directors present:

Directors Ken Coates, Brian Goebel, Tobe Plough, and Floyd Wicks participated in person.  
Director Cori Hayman joined the meeting in person at 9:41 a.m.

Staff present (In Person and via Zoom):

Nick Turner, General Manager	Laura Camp, Public Information Officer
Adam Kanold, Asst. GM/Engineering Mgr.	Christina Perry, Administrative Assistant
Olivia Rojas, Business Manager	Ray Willefert, Financial Analyst

Counsel present (In Person):

Walt Wendelstein, Wendelstein Law Group PC, District Counsel

Special Counsel present (via Zoom):

Michael Colantuono, Colantuono, Highsmith & Whatley, PC

Consultants (In Person and via Zoom):

Lindsay Roth, Raftelis (via Zoom)	Paul Kaymark, Nigro & Nigro (via Zoom)
Kevin Kostiuk, Raftelis (In Person)	

Public (In Person and via Zoom)

Peter Dealy (In Person)  
LMR (via Zoom)

**2. PLEDGE OF ALLEGIANCE**

All in attendance recited the Pledge of Allegiance.

**By Board consensus, Item 5-B-iii was removed from the agenda as noted herein**

### **3. PUBLIC FORUM**

Peter Dealy provided comments regarding the Water Management Program Agreement with Homer LLC and District financial matters.

### **4. CONSENT CALENDAR**

The following items were approved or accepted by vote on one motion unless a Board member requested separate consideration:

#### A. Meeting Minutes

- i. Meeting Minutes of May 21, 2024
- ii. Meeting Minutes of June 10, 2024

#### B. Payment of Bills for May 2024

#### C. Investments & Holdings through May 31, 2024

#### D. Unaudited Monthly Financial Report for May 2024

#### E. Waterworks Reports for May 2024

#### F. 2023 Annual Drinking Water Consumer Confidence Report

#### G. Extension of Agreement with Westwater Research LLC for Water Marketing Services

#### H. Assistance Agreement between the District and Central Coast Water Authority in connection with the District's transfer of surplus SWP water to Homer LLC pursuant to the Water Management Program Agreement

#### I. Amendment to the Utility Agreement for the Highway Widening Project Segment 4C water main crossing conflict at Romero Creek

Director Goebel moved to approve the Consent Calendar. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Plough, and Wicks in favor and Director Hayman absent.

### **5. DISTRICT OPERATIONS AND GENERAL MANAGER REPORTS**

A. PUBLIC HEARING: Water Distribution System Capital Improvement Program; Annual continuation of the Water Availability Charge (WAC) with no proposed change in the assessment for the coming year, to be collected on the property tax roll as it has been collected since initiation in 1996. The Board of Directors will hear and consider objections and protests to the assessment and report.

President Coates opened the Public Hearing at 9:36 a.m. to receive and consider comment, objections and protests as required under Water Code Section 31032.3 regarding continuation of the Water Availability Charge (WAC) for Fiscal Year (FY) 2025.

Directors Coates, Goebel, Plough, and Wicks were present for the attendance roll call on this agenda item; Director Hayman was absent.

- i. INFORMATIONAL: Status report on Water Availability Charge (WAC) Program and Capital Improvement Program;

Mr. Turner presented this item and responded to questions from the Board.

Director Hayman joined the meeting at 9:41 a.m.

No public comments or protests were made and none were received prior to the hearing. There being no public comments, President Coates closed the Public Hearing at 9:45 a.m.

- ii. ACTION ITEM: Adoption of Resolution 2275 continuing the existing Water Availability Charge to fund water distribution system upgrades and ordering the filing of a report establishing the Water Availability Charge for FY 2025.

Director Plough moved to adopt Resolution 2275 establishing the Water Availability Charge for Fiscal Year 2025. The motion was seconded by Director Wicks and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- B. PUBLIC HEARING: Proposed adoption of water rates and charges, including receipt of any protests to the water rate increase and study

President Coates opened the Public Hearing at 9:46 a.m. to receive comment and protest as required by Proposition 218 regarding Resolution 2286 Adopting Water Rates and Charges.

Directors Coates, Goebel, Hayman, Plough, and Wicks were present for the attendance roll call on this agenda item.

- i. INFORMATIONAL: Water Rate Study dated May 1, 2024; Presented by Raftelis;

The Board received a presentation by Kevin Kostiuik from Raftelis reviewing the Water Rate Study and proposed water rates and charges.

Public comment was provided by Mr. Dealy.

There being no further public comment, President Coates closed the Public Hearing at 10:08 a.m., informing the public that the period for receipt of written public protest on the proposed increase in water rates and charges by the District was also closed.

**The Board paused for a break at 10:09 a.m. and returned at 10:16 a.m.**

Mr. Turner reported one written protest received and tallied, which does not constitute a majority protest.

- ii. ACTION ITEM: Adoption of Resolution No. 2286, a Resolution of the Board of Directors of the Montecito Water District Adopting Water Rates and Charges for Fiscal Years ending June 30, 2025 through 2029;

The Board responded to public comment and commended legal counsel and Raftelis for their work.

Director Plough moved to adopt Resolution 2286 Adopting Water Rates and Charges for Fiscal Years ending June 30, 2025 through 2029. The motion was seconded by

Director Wicks and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

**As noted previously, Item 5-B-iii was removed from the agenda with no further action.**

C. ACTION ITEM: Ordinance No. 99 Establishing Water Use Efficiency Policies and Recommendations

- i. Waive the reading of Ordinance No. 99
- ii. Adoption of Ordinance No. 99, an Ordinance Establishing Water Use Efficiency Policies and Recommendations

Mr. Turner presented the item and responded to questions from the Board.

Director Goebel moved to waive the reading of Ordinance No. 99 and adopt Ordinance No. 99, establishing water use efficiency policies and recommendations. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

D. ACTION ITEM: Receive and File the final *2024 Asset Management Plan*

Mr. Kanold presented this item and responded to questions from the Board.

Director Goebel moved to receive and file the *2024 Asset Management Plan*. The motion was seconded by Director Wicks and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

E. ACTION ITEM: Authorize a contract with American Pipeline Services for the Freehaven Lane and Las Tunas Road Water Main Replacement Projects for the not to exceed amount of \$1,816,299.55 and make a related determination that the project is subject to a CEQA exemption

Mr. Kanold presented this item and responded to questions from the Board.

Director Plough moved to determine that the projects are categorically exempt from environmental review pursuant to the requirements of the California Environmental Quality Act (CEQA) as set forth on the Notice of Exemption and authorize the filing of a Notice of Exemption from CEQA with the County of Santa Barbara Clerk of the Board and the State Clearinghouse. The motion was seconded by Director Hayman and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

Director Wicks moved to authorize a contract with American Pipeline Services for the Freehaven Lane and Las Tunas Road Water Main Replacement Projects for a total not-to-exceed amount of \$1,816,299.55. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

F. INFORMATIONAL: Discussion of the Administrative Building renovations as part of the Office Property Master Plan

Mr. Kanold presented this item and responded to questions from the Board.

G. INFORMATIONAL: Customer Relations and Public Information Update

Ms. Camp provided the update and responded to questions from the Board.

H. INFORMATIONAL: General Manager Report

Mr. Turner, with Mr. Kanold, provided the update and responded to questions from the Board.

**6. DISTRICT BUSINESS REPORT**

A. ACTION ITEM: Authorize Payment of CalPERS Annual Unfunded Accrued Liability as of June 30, 2022 Actuarial Valuation

Ms. Rojas presented the item and responded to questions from the Board.

Director Plough moved to approve payment of the CalPERS Annual Unfunded Accrued Liability for Classic employees as shown in the June 30, 2022, Actuarial Valuation and projected in the FYE 2025 Adopted Budget. The motion was seconded by Director Goebel and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

**The Board paused for a break at 11:24 a.m. and returned at 11:35 a.m.**

B. ACTION ITEM: Annual Budget Resolutions

Mr. Turner presented the resolutions for consideration and responded to questions from the Board.

- i. Resolution No. 2276 Determining that Charges, Rates and Fees Are Not “Proceeds of Taxes” Under Article XIII B of the Constitution of the State of California;

Director Plough moved to adopt Resolution No. 2276. The motion was seconded by Director Wicks and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- ii. Resolution No. 2277 Adopting the Investment Policy for Fiscal Year 2025;

Director Goebel moved to adopt Resolution No. 2277. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- iii. Resolution No. 2278 Establishing an Updated Employee Classification and Salary Range Schedule Effective with the Pay Period Beginning July 13, 2024;

Director Goebel moved to adopt Resolution No. 2278. The motion was seconded by Director Wicks and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- iv. Resolution No. 2279 Adopting an Updated Schedule of Miscellaneous Fees and Charges;

Director Goebel moved to adopt Resolution No. 2279. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- v. Resolution No. 2280 Establishing Capital Cost Recovery Fees and Connection Fees effective July 1, 2024;

Director Goebel moved to adopt Resolution No. 2280. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- vi. Resolution No. 2281 Adopting an Updated Fixed Asset Disposal Policy;

Director Hayman moved to adopt Resolution No. 2281. The motion was seconded by Director Wicks and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- vii. Resolution No. 2282 Adopting a Reserve Policy for Fiscal Year 2025;

Mr. Wendelstein noted that the resolution will adopt a Fiscal Year 2025 update, as opposed to "Fiscal Year 2024" written in the text of the resolution.

Director Wicks moved to adopt Resolution No. 2282 as corrected. The motion was seconded by Director Goebel and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- viii. Resolution No. 2283 Adopting an Updated Debt Management Policy;

Director Hayman moved to adopt Resolution No. 2283. The motion was seconded by Director Wicks and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- ix. Resolution No. 2284 Adopting an Updated Capitalization Policy;

Mr. Wendelstein noted that the resolution will adopt a Fiscal Year 2025 update, as opposed to "Fiscal Year 2024" written in the text of the resolution.

Director Hayman moved to adopt Resolution No. 2284. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

- x. Resolution No. 2285 Adopting an Updated Water Loss Adjustment Policy

Director Goebel moved to adopt Resolution No. 2285. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

C. ACTION ITEM: Resolution No. 2287 Adopting the Budget for Fiscal Year 2025

Ms. Rojas reported that since the budget workshop held on May 21, 2024, two updates were made:

- i. The Cost of Living Adjustment was increased from 3.3% to 4%.
- ii. The draft Central Coast Water Authority (CCWA) budget was replaced by the final budget adopted on April 25, 2024.

Director Wicks moved to adopt Resolution No. 2287 and the Fiscal Year 2025 budget. The motion was seconded by Director Plough and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

D. ACTION ITEM: Resolution No. 2288 Adopting an Updated Discontinuation of Water Service for Non-Payment Policy

Mr. Turner presented this item and responded to questions from the Board.

Director Plough moved to adopt Resolution No. 2288. The motion was seconded by Director Goebel and carried after a roll call vote, with Directors Coates, Goebel, Hayman, Plough, and Wicks in favor.

**The Board paused for a lunch at 11:48 a.m. and returned at 12:34 p.m.**

**Item 7-A was addressed prior to Item 6-E as noted herein**

**7. DIRECTOR AND COMMITTEE REPORTS**

- A. President's Report: At the request of President Coates, Director Plough reported on a recent meeting with Salud Carbajal regarding FEMA reimbursements and the ASADRA funding for the District's Reservoir Retrofit and Replacement Project.

**6. DISTRICT BUSINESS REPORT (CONTINUED)**

- E. INFORMATIONAL: Update on audit of the 2020 Water Supply Agreement between the District and the City of Santa Barbara

Mr. Kaymark presented the item, responded to questions, and received direction from the Board.

**7. DIRECTOR AND COMMITTEE REPORTS (CONTINUED)**

- B. Operations & Customer Relations Committee: Director Goebel reported that all relevant items were previously addressed.
- C. Finance Committee: Director Plough reported that all relevant items were previously addressed.
- D. Strategic Planning Committee: President Coates reported no meeting.
- E. Central Coast Water Authority: President Coates reported no meeting.
- F. Cachuma Operation and Maintenance Board: Director Hayman provided a report from COMB's recent meeting.

- G. Cachuma Conservation Release Board: Director Plough provided a report from CCRB's recent meeting.
- H. Santa Barbara County Chapter of the California Special Districts Association: Director Wicks reported no new business.
- I. ACWA JPIA: Director Wicks reported no new business.
- J. CalDesal: Director Wicks reported that the monthly meeting was cancelled.
- K. Ad hoc Committee – Legislative Matters: Director Goebel reported that no meeting was held but the Committee has requested a meeting with Scott Wetch.
- L. Ad hoc Committee – Development of Water Transfer Agreement with Homer LLC: Director Goebel reported no meeting.
- M. Ad hoc Committee – Water Rights Opportunities: President Coates reported no meeting.

**8. LEGAL MATTERS**

A. Recent and Pending Legal Matters Review

Counsel reported that the Taxpayer Protection Act was struck down by the California Supreme Court.

- B. CLOSED SESSION: Pursuant to Government Code §54956.9(d)(1) Conference with Legal Counsel - Existing Litigation, City of Solvang Petition to Change Water Rights Permit 1587 before the State Water Resources Control Board Administrative Hearing Office.

The Board recessed to Closed Session at 1:26 p.m.

The Board returned to Open Session at 1:36 p.m.

As to Item 8-B, the Board received an update from Counsel and no action was taken.

**9. DIRECTOR REQUESTS**

No director requests were made.

**10. ADJOURNMENT**

The meeting was adjourned at 1:37 p.m.

APPROVED:

  
Kenneth Coates, Board President

ATTEST:

  
Nicholas Turner, Secretary