



Agenda

San Miguel Community Services District

BOARD OF DIRECTORS

John Green, President

Anthony Kalvans, Director

Larry Reuck, Vice President

Travis Dawes, Director

Gib Buckman, Director

THURSDAY NOVEMBER 17, 2016 6:00 P.M.

BOARD OF DIRECTORS SPECIAL AND REGULAR MEETING AGENDA

**SMCSD Boardroom 1150 Mission St.
San Miguel, CA 93451**

Cell Phones: As a courtesy to others, please silence your cell phone or pager during the meeting and engage in conversations outside the Boardroom.

Americans with Disabilities Act: If you need special assistance to participate in this meeting, please contact the CSD Clerk at (805) 467-3388. Notification 48 hours in advance will enable the CSD to make reasonable arrangements to ensure accessibility to this meeting. Assisted listening devices are available for the hearing impaired.

Public Comment: Please complete a "Request to Speak" form located at the podium in the boardroom in order to address the Board of Directors on any agenda item. Comments are limited to three minutes, unless you have registered your organization with CSD Clerk prior to the meeting. If you wish to speak on an item not on the agenda, you may do so under "Oral Communications." Any member of the public may address the Board of Directors on items on the Consent Calendar. Please complete a "Request to Speak" form as noted above and mark which item number you wish to address.

Meeting Schedule: Regular Board of Director meetings are generally held in the SMCSD Boardroom on the fourth Thursday of each month at 7:00 P.M. Agendas are also posted at: www.sanmiguelcsd.org

Agendas: Agenda packets are available for the public inspection 72 hours prior to the scheduled meeting at the Counter/ San Miguel CSD office located at 1150 Mission St., San Miguel, during normal business hours. Any agenda-related writings or documents provided to a majority of the

Board of Directors after distribution of the agenda packet are available for public inspection at the same time at the counter/ San Miguel CSD office at 1150 Mission St., San Miguel, during normal business hours.

- I. Call to Order for Special Meeting: 6:00 PM**
- II. Pledge of Allegiance:**
- III. Roll Call:**
- IV. Adoption of Special and Regular Meeting Agendas**

V. Public Comment and Communications (for items not on the agenda):

Persons wishing to speak on a matter not on the agenda may be heard at this time; however, no action will be taken until placed on a future agenda. Speakers are limited to three minutes. Please complete a "Request to Speak" form and place in basket provided.

VI. ADJOURN TO CLOSED SESSION:

A. CLOSED SESSION AGENDA:

1. DISTRICT GENERAL COUNSEL PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b) (1)

Title: District General Counsel

B. RECONVENE TO OPEN SESSION

C. REPORT OUT OF CLOSED SESSION

2. Report out of Closed Session by District General Counsel

VII. Call to Order for Regular Board Meeting (approximately 7:00 pm)

VIII. Special Presentation – Resolution of Appreciation—Supervisor Frank Mecham

SHORT RECESS TO BE CALLED

IX. Public Comment and Communication:

Persons wishing to speak on a matter not on the agenda may be heard at this time; however, no action will be taken until placed on a future agenda. Speakers are limited to three minutes. Please complete a "Request to Speak" form and place in basket provided.

X. Staff & Committee Reports – Receive & File:

Non-District Reports:

- | | | |
|----|---|-----------|
| 1. | San Luis Obispo County Sheriff | No Report |
| 2. | San Luis Obispo County Board of Supervisors | No Report |
| 3. | San Luis Obispo County Planning and/or Public Works | No Report |
| 4. | San Miguel Area Advisory Council | No Report |
| 5. | Camp Roberts—Army National Guard | No Report |

District Staff & Committee Reports:

- | | | | |
|----|--------------------------|------------------|-----------------|
| 6. | General Manager | (Mr. Gentry) | Verbal |
| 7. | District General Counsel | (Attorney White) | Verbal |
| 8. | Utility Supervisor | (Mr. Dodds) | Report Attached |
| 9. | Fire Chief | (Chief Roberson) | Report Attached |

- 10. District Engineer (Mr. Tanaka) Report Attached
- 11. Finance/Budget Committee (Director Dawes, Chair) Mtg Rescheduled
- 12. Organization/Personnel Committee (Director Green, Chair) Report Attached
- 13. Equipment & Facilities Comm. (Director Kalvans, Chair) Report Attached
- 14. Water Resources Advisory Committee (Director Kalvans, Rep) Verbal

XI. CONSENT ITEMS:

The items listed below are scheduled for consideration as a group and one vote. Any Director or a member of the public may request an item be withdrawn from the Consent Agenda to discuss or to change the recommended course of action. Unless an item is pulled for separate consideration by the Board, the following items are recommended for approval without further discussion.

- 15. Board Minutes:
 - 15 a. Approval of Special Board Meeting Minutes for October 27, 2016
 - 15 b. Approval of Special Board Meeting Minutes for August 18, 2016

XII. BOARD ACTION ITEMS:

- 16. Discuss and Approve **Resolution No. 2016-36** authorizing salary adjustments for non-management, non-confidential employees eligible for compensation step increases.

STAFF RECOMMENDATION:

Staff recommends the Board of Directors approve **Resolution No. 2016-36** to authorize General Manager to make salary adjustments for 2 employees eligible for step increase based on satisfactory annual performance evaluations.

Public Comments: (Hear public comments prior to Board Action)

M_____ S_____ V_____

- 17. Review and Discussion of Existing District Contractual Agreements.

Staff Recommendation: Review and Discuss Existing Contractual Agreements

Public Comments: (Hear public comments prior to Board Action)

M_____ S_____ V_____

- 18. Review and Approve **Resolution No 2016-37** adopting District Strategic Financial and Capitalization Policies

Staff Recommendation: Review and Approve **Resolution No 2016-37** adopting District Strategic Financial and Capitalization Policies.

Public Comments: (Hear public comments prior to Board Action)

M_____ S_____ V_____

XIII. BOARD COMMENT:

This section is intended as an opportunity for Board members to make brief announcements, request information from staff, request future agenda item(s) and/or report on their own activities related to District business. No action is to be taken until an item is placed on a future agenda.

XIV. ADJOURNMENT

Time: _____

FROM SMCS D TO YOU AND YOURS



ATTEST:
STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO) ss.
COMMUNITY OF SAN MIGUEL)

I, Tamara Parent, Account Clerk/Operations Coordinator of San Miguel Community Services District, hereby certify that I caused the posting of this agenda at the SMCS D office on November 10, 2016.

Date: November 10, 2016

Tamara Parent

Tamara Parent, Account Clerk/Operations Coordinator

Next Scheduled Regular Board Meeting is December 22, 2016.



SAN MIGUEL COMMUNITY SERVICES DISTRICT

RESOLUTION NO. 2016-35

RESOLUTION RECOGNIZING FRANK MECHAM FOR EXEMPLARY PUBLIC SERVICE TO ALL CITIZENS OF SAN MIGUEL AND THE COUNTY OF SAN LUIS OBISPO

The following resolution is hereby offered and read:

WHEREAS, Frank Mecham is a 9th generation resident of California and is the great-great grandson of Joaquin Tomas Estrada, who served on the original Board of Supervisors in 1852 and an original land grant holder of the famed Santa Margarita Ranch. Frank is a U.S. Navy veteran serving from 1966-70 on active duty and as reserve for another 2 years; and

WHEREAS, Frank Mecham with Deb's his wife, support and encouragement has served the public in community service as Councilmember for the City of Paso Robles as well as Planning Commissioner, member of the Parks & Recreation Board and in 2000, was the first directly elected Mayor of the City of Paso Robles serving 4 consecutive two-year terms before being elected to the County Board of Supervisor for the First District; and

WHEREAS, Frank Mecham has been a leader in promoting the San Miguel community and spearheading changes with civic and community projects, including the San Miguel Gateway signage and efforts to engage the community, holding town hall meetings; and

WHEREAS, Frank Mecham has shown an extraordinary personal commitment to San Miguel constituents, taking time to talk about their concerns, answer questions and attend public events, in all corners of his district, driving great distances; and

WHEREAS, those persons who have served with Frank Mecham on boards, committees, commissions, and the Board of Supervisors know him as a cordial colleague, a true gentleman with whom one might disagree yet still consider a friend.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Miguel Community Services District, County of San Luis Obispo, State of California, hereby recognizes Frank Mecham for his dedicated public service to the people of the Community of San Miguel, the County of San Luis Obispo and the State of California. We congratulate him for his 20 years' of public service and sincerely wish him success and happiness in all future endeavors.

Upon motion of Director _____, seconded by Director _____, and by the following roll call vote, to-wit:

AYES:

NOES:

ABSENT:

The foregoing Resolution is hereby passed and adopted this 17th day of November, 2016.

John Green, Board President
San Miguel Community Services District

ATTEST:

APPROVED AS TO FORM:

Darrell W. Gentry, General Manager and
Secretary to the Board of Directors

Doug White, District General Counsel
to the Board of Directors

SAN MIGUEL COMMUNITY SERVICES DISTRICT

AGENDA ITEM# X.8

UTILITY REPORT

Well Status:

MCL = maximum contaminate level ----- ppb = parts per billion ----- ppm = parts per million

- SLT well Arsenic levels are 7 ppb; MCL is 10 ppb Sampled 10/17/16
- SLT well Nitrate levels are 3.2 ppb; MCL is 45 ppb Sampled 7/18/16
- Arsenic levels on Oak Drive are 6 ppb; MCL is 10 ppb Sampled 10/17/16
- Well 3 and 4 are both in operation.
- Well 4 water static level 86.7 11/16
- SLT Water static level 171.4' 11/16

Water System status:

Water leaks this month: 0 This year: 5

Water related calls through the alarm company after hours this month: 0 this Year: 10

- SLT Well is being run to system, blending in the Terrace Tank. Current trending is shown in chart attached.

Sewer System status:

Sewer overflows this month: 0 this year: 0

Sewer related calls through the alarm company this month: 1 this Year: 10

- Continuing to work on SSMP (Sewer System Management Plan) audit corrections

WWTP status:

Lighting status:

Project status:

- Continuing raising valves and manholes around town.

SCADA progress:

- Installation is complete and final corrections are being made.

Grants/ funding:

- CDBG for blending line for the SLT well. Surveying and Biological review are underway Still working out what engineer will be used for the plans.
- CDBG grant proposal to County for Hydrant replacements. Contract was awarded to Whitaker Construction, Construction started 2/16/16 and was completed 2/29/16 finalizing paperwork with the county and waiting on paperwork from Whitaker. A meeting with the County was held on the 15th of this month to Audit our records and the project. This is the next step in recouping the \$105,000 for the project.

Development:

Currently working with;

- Tract 2637 (Nino--60 lots) All phases of infrastructure have been installed and inspected. Phase 2-3 home construction is underway. (11/2016)
- Tract 2647 (Hastings--12 Lots) Infrastructure is complete development is selling individual lots. The tract map is satisfied and recorded. (11/2016)
- Tract 2710 (Peoples Self help Housing-24 Lots) Water and sewer lines are complete and have been tested and passed, homes are now under construction they will be building in groups of 8 all at once. (11/2016)
- Tract 2527 (Peoples Self help Housing – 60 lots) –all plans are approved. Self help has awarded a contract for this project and will be starting in January
- Tract 2779 (Fortune Co. - 34 lots) – revised plans have been submitted to the county for review. (Last update 3/2016)
- 965 L street – 4-unit development – a preliminary will serve was issued and we are waiting on complete plans. Engineer has advised that they will have plans soon for review (11/2016)
- 972 K street – Dollar General, commercial – a preliminary will serve was issued and we have received plans, a second round of comments have been sent to their engineer. (11/2016)

Potential development:

- Tract 2723 (Wittstrom – 37 Lots) – Will serve is expired (12/2015)
- 1010 L street Single Family home – Plans have been submitted and approved, no timeline for construction. – (6/2015)
- 1222 N street – 22 unit development – (12/2015)

San Miguel Community Cleanup:

- Chipping has been suspended until further notice
- Community Cleanup TBD

SLO County in San Miguel:

- Park improvements: The County has provided plans for both the park and L Street improvements to which the District provided a response. We will be proposing to replace the water main in K between 12th and 13th as well as making some necessary relocation to the hydrants on L Street to accommodate the proposed sidewalk and retaining wall. The preliminary schedule for L Street is November 2016 and the Park will follow in January 2017 which means that we need to be completed with our part prior to those months. The District and the County are working together to minimize costs to the District. The Utility Supervisor attended a preconstruction meeting with the county engineers on the 8th to work out details and schedules. (11/2016)

Caltrans in San Miguel:

- Caltrans is underway on improvements to the HWY 101 corridor. Bidding is underway for what will be a 2-year project. We have been in contact with several bidding contractors who are interested in non-potable water for construction use. (11-2016)

Rain in San Miguel:

Calendar year as measured at our WWTP

2014 total	14.25"
2015 total	5"
1/4-10/16	2"
1/18-19/16	.75"
1/31/16	.75"
2/17/16	Not measureable
3/4-6/16	1.5"
3/7-15/16	2.25"
10/27-28/16	1.25"
2016 total	8.50"

PREPARED BY:

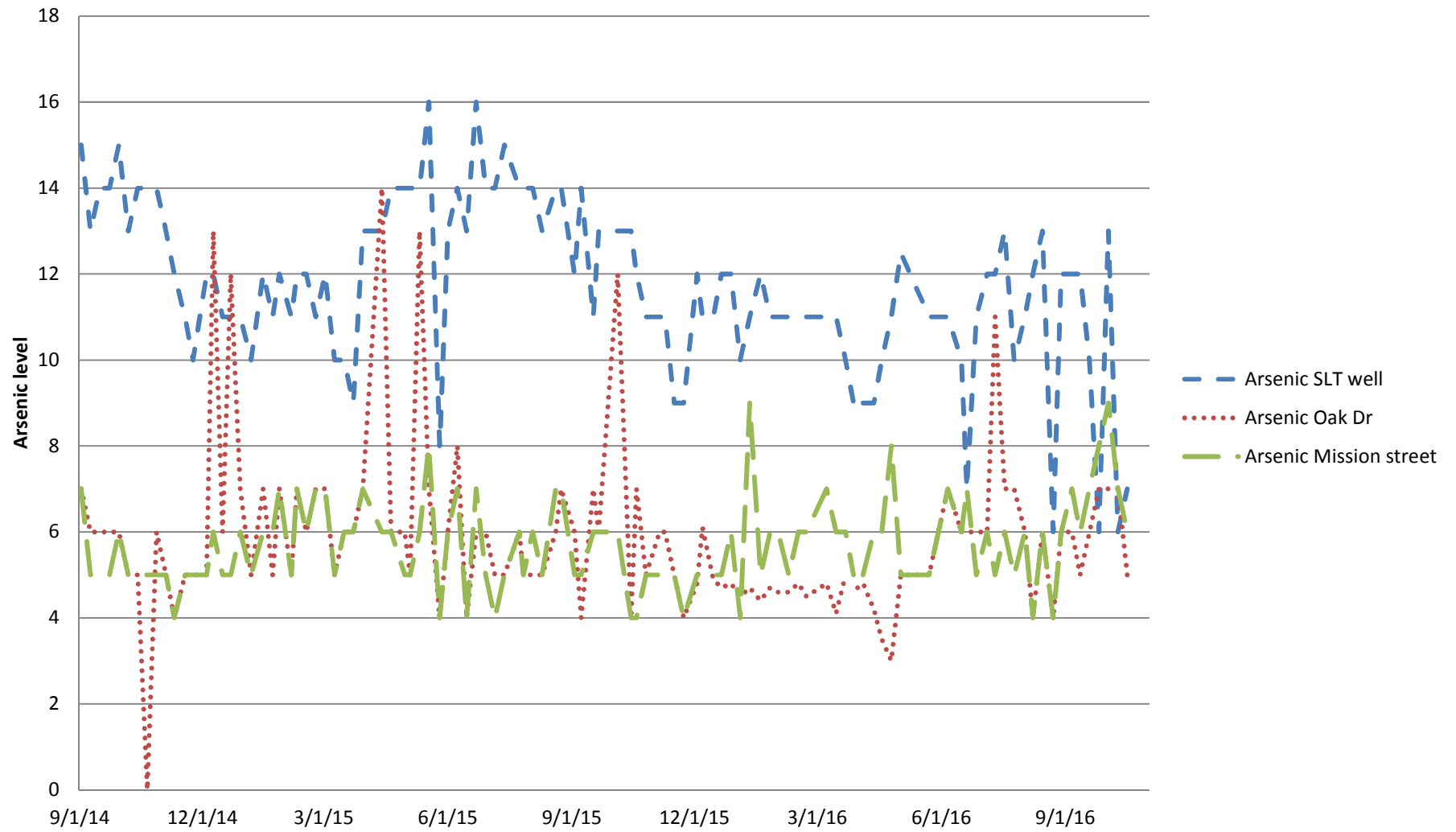
Kelly Dodds
Kelly Dodds
Utility Supervisor

APPROVED BY:

Darrell Gentry
Darrell W. Gentry
General Manager

Date: November 2, 2016

Arsenic Trending





San Miguel Community Services District Board of Directors Meeting

Staff Report

November 17, 2016

AGENDA ITEM: X 9

SUBJECT: Fire Chief Report for October 2016

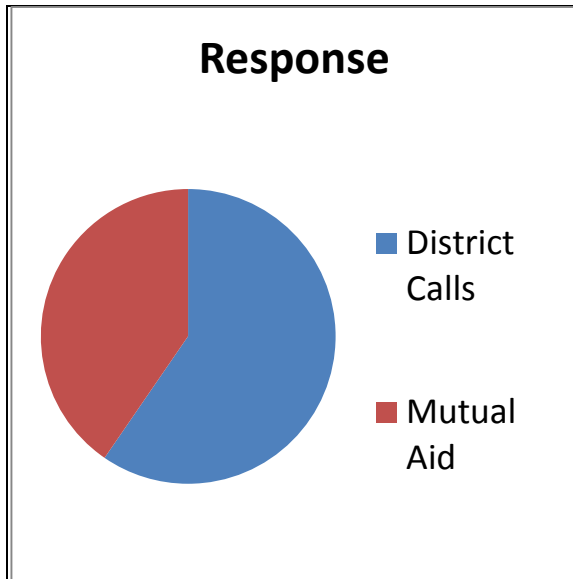
STAFF RECOMMENDATION: Receive and File Monthly Reports for the Fire Department

INCIDENT RESPONSE:

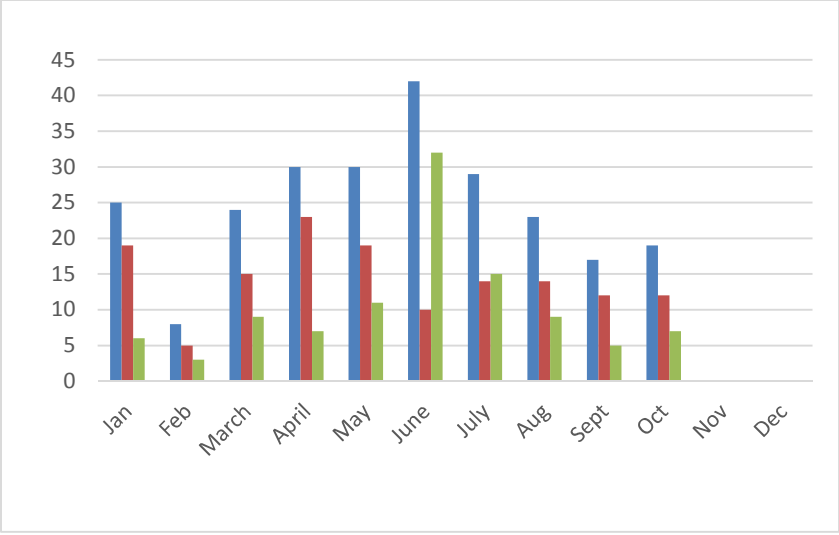
- Total Incidents for September 2016 **19**
- Average Calls per Month in 2016 **24.7**
- Total calls for the year to date **247**

Emergency Response Man Hours in July = 60	2016 total	906
Stand-By Man Hours for July = 14		<u>432</u>
	Total hr.	1338

Emergency Response Man Hours = 3.1 hr. Per call for September		3.6 hr. Per call for the year
Stand-By Average per Call = .7 hr. Per call for, September		1.7 hr. Per call for the year

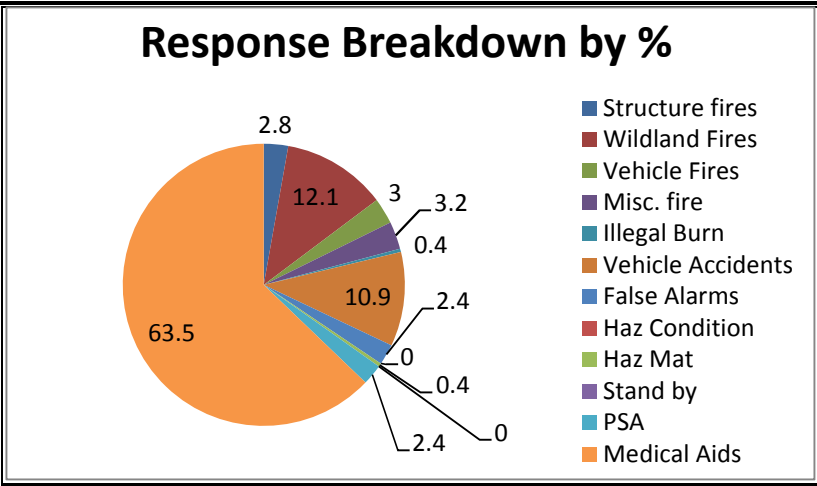


	September	YTD
District calls	12 = 63.1%	143 = 57.8%
Mutual aid calls	5 = 36.8%	97 = 42.1%
Assist Camp Roberts	2	36



For **247** calls for 10 Months in 2016

District Calls	57.8%
Mutual Aid	42.1%
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	
Structure fires	2.8%
Wildland Fires	12.1%
Vehicle Fires	3%
Misc. fire	3.2%
Illegal Burn	.4%
Vehicle Accidents	10.9%
False Alarms	2.4%
Haz Condition	0%
Haz Mat	.4%
Stand by	0%
PSA	2.4%
Medical Aids	63.5%



Personnel:

1 Chief Hours: 32 hours and 11 days of 24-hour coverage.
 1 Asst. Chief 38 Hours: 24 provided 20 days of 24-hour coverage.

We currently have 15 active members.
 3 Fire Captains
 2 Engineers
 10 Firefighters

3 drills, 17 members, 30 attendances, 58% Drill Attendance
 19 calls, 17 members, 77 responders, 23.8% Response Attendance

Equipment:

- All equipment is in service.

Activities:

October

<u>Date</u>	<u>Subject matter</u>
4th	Medical Scenarios Company Op's CPR/ MCI
11th	Victim Rescue / Rescue Systems
18th	Engine Company Operations
25th	Association Meeting

<u>Date</u>	<u>Other activities</u>	<u>Time</u>
8 th	Pioneer Day Parade	07:30
15 th	Burn Relay starts at the station at	07:30
15 th	Fire Prevention Classes at the school	09:00

November

<u>Date</u>	<u>Subject matter</u>
1st	EMT Skill Assessments
8th	Building Search for a victim
15th	Tour Court Side Cellars
22nd	Association Meeting
29th	No Drill

<u>Date</u>	<u>Other activities</u>	<u>Time</u>
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Information:

Prepared By:

Rob Roberson

Rob Roberson, Fire Chief

Approved By:

Darrell W. Gentry

Darrell W. Gentry, General Mgr.

FIRE EQUIPMENT

2016 MILEAGE / FUEL REPORT

IX. 9-3

Mileage/ Fuel	January		February		March		April		May		June		Total		Avg. MPG
Diesel	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	
E-8696	106	19.5	70	11	144	35.4	19	0	138	40.5	275	17.6	752	124	6.1
E-8687	39	15	12	8	80	24	15	10	225	65.2	129	14	500	136.2	3.7
E-8668	18	0	44	7.8	64	8	38	8.5	75	13	24	10	263	47.3	5.6
6 Month Total												1515	307.5	4.9	
Gas	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	
U-8630	468	37.95	330	19.9	681	51.1	213	19.1	506	53.12	936	62.5	3134	243.7	12.9
C-8600	592	46.4	335	31	420	51.1	509	54.8	467	36.7	564	45	2887	265	10.9
6 Month Total												6021	508.7	11.8	

Mileage / Fuel	July		August		September		October		November		December		Total		Avg. MPG
Diesel	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	
E-8696	100	10	342	19.8	396	29.5	160	23					1750	206.3	7.3
E-8687	89	25	9	9	33	0	13	11					644	181.2	3.6
E-8668	59	0	42	42	121	11.5	15	12.6					500	113.4	5.0
6 Month Total												2894	500.9	5.8	
Gas	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	mi.	gal.	
U-8630													3134	243.7	12.9
C-8600	407	42.3	204	30	787	56	401	25.9					4686	419.2	11.0
6 Month Total												7820	662.9	11.8	

YTD 2016 Total	mi.	gal.	Avg. MPG
Diesel	4409	808.4	5.5
Gas	13841	1172	11.8

Call per time of day and day of the week 2016

	After Hours						CSD Work Hours										Off Hours									
	0:00	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	Total	
Sunday	2	1	2	0	0	1	1	0	0	0	1	1	2	1	3	3	2	5	5	1	1	4	2	1	39	16%
Monday	1	0	0	3	0	1	1	1	1	0	2	1	3	0	3	5	1	2	2	3	1	2	0	2	35	14%
Tuesday	0	0	0	0	0	1	1	1	1	1	2	2	0	3	2	3	1	3	3	2	1	1	0	0	28	11%
Wednesday	0	2	0	1	0	0	2	2	1	1	0	1	0	2	4	2	5	4	2	3	2	0	0	2	36	14%
Thursday	2	0	0	0	0	0	1	2	1	1	2	1	3	2	2	2	1	2	2	5	2	2	1	0	34	13%
Friday	2	0	1	0	0	3	0	4	2	1	1	1	1	1	3	2	3	2	3	2	2	1	1	2	38	15%
Saturday	2	0	1	1	1	1	0	4	1	2	0	3	1	1	3	2	1	1	1	3	2	2	2	2	37	14%
Hour Total	9	3	4	5	1	7	6	14	7	6	8	10	10	10	20	19	14	19	18	19	11	12	6	9	247	
	3%	1%	1%	1%	0%	3%	2%	5%	3%	2%	3%	4%	4%	4%	9%	8%	6%	9%	7%	8%	5%	5%	2%	4%		

Total calls during CSD Work Hours	76	31%
Total calls during Off time and weekends	171	69%
After Hours calls 22:00 to 06:00	44	18%
Total Weekend Calls	76	30%
Total Calls Monday thru Friday	171	69%

San Miguel Community Services District
Darrell Gentry, General Manager
Post Office Box 180
San Miguel, CA 93451
(805) 467-3300

BOARD OF DIRECTORS
John Green, President
Larry Reuck, Vice President
Anthony Kalvans
Gib Buckman
Travis Dawes

MONTHLY DISTRICT ENGINEER'S REPORT
October 2016

DATE: November 7, 2016
TO: Board of Directors
VIA: Darrell Gentry, General Manager
FROM: Steven G. Tanaka, P.E.
SUBJECT: Monthly District Engineer's Report – October 2016

SUMMARY OF ACTIVE PROJECTS

1. Salt & Nutrient Management Plan
2. Water Well Quality/Radioactivity
3. Sewer System Management Plan (SSMP) Audit
4. Capital Improvements Planning
5. San Miguel Park/L Street Improvements (County)
6. 2015 CDBG Grant Cycle
7. 2016 CDBG Grant Cycle
8. CDBG – Fire Hydrant Replacements
9. Active Will Serves, Plan Checks and Inspections:
 - a. Butterfield Downtown Mixed Use
 - b. Mission Garden Estates - 60 Single Family Residential (SFR) Units
 - c. Nino (formerly Ritter) – Tract 2637, River Road
 - d. People's Self Help, Tract 2710
 - e. Arciero (formerly Stuntman) Tract 2750
 - f. Hasting Family Trust, Tract 2647
 - g. 972 K Street/Commercial
11. Inactive Will Serves
 - h. Wittstrom – 38 SFR Units (Will serve expired; Developer indicated desire to pursue new will serve, no update).
 - i. Paulo Pecora Laundromat and Retail, 1143 Mission Street

DISCUSSION:

1. **Salt & Nutrient Management Plan (S&NMP)**. The final S&NMP was submitted by the City

of Paso Robles to the Regional Board on 5/13/15, fulfilling this region's requirements of the State's recycled water policy. This document is intended to be a working document that adapts over time as the groundwater basin changes. It is anticipated that this Plan will be incorporated into a future Groundwater Sustainability Plan required by the recently enacted Sustainable Groundwater Management Act. A full hard copy of this document will be forthcoming from the City of Paso Robles in the near future. ***Date of last change 5/28/15.***

2. **Water Well Quality/Radioactivity.** Re-testing of radioactivity levels in Wells 3 and 4 indicate compliance with primary drinking water standards, and State Division of Drinking Water (formerly California Department of Public Health (CDPH)) acknowledged keeping the wells in service. Although the re-testing yielded positive results in this regard, it is a reminder that radioactivity levels in both wells will continue to be a growing concern over the coming years. ***Date of last change 12/22/11.***
3. **SSMP Update (2015) and Audit (2016).** District Engineer completed the bi-annual SSMP audit with staff in 2014, and the final audit report was transmitted to the General Manager. The audit has been on file at the District office. This audit is required every two years. The audit does not require adoption/certification by the Board, but must remain on file at the District's office. District staff is working on SSMP audit corrections/updates at this time. The 2016 audit is due in August 2016 (this month). The SSMP Update was due in August 2015. ***Date of last change 2/25/16.***
4. **Capital Improvements Planning.** DE and staff met on December 15, 2015, to discuss various water and sewer system capital improvement projects anticipated for the coming years. Based on this meeting, DE and staff prepared a CIP memorandum, laying out general recommendations for upcoming needed CIPs in the coming years. This report has been reviewed by utilities staff, and now is currently being reviewed by the General Manager. It is expected that this report will be presented at an upcoming committee meeting. In June, DE provided staff with a budgetary cost breakdown for WWTP upgrade hard and soft costs, for use in funding. Staff is pursuing a DAC grant for some of the expected costs. ***Date of last change 9/22/16.***
5. **San Miguel Park/L Street Improvements.** The County and Wallace Group Design team submitted the final plans for the Project. This Project has now been combined into a single bid document set, with the San Miguel Park being an additive bid item. The Project bid in September 2016, project was awarded to Sosa Construction. Construction is expected to begin December 2016/January 2017. Staff has been advised to plan to replace the water main in the area of the Park during this time, to avoid costs of street/pavement restoration. A fire hydrant relocation on L Street may still be required, but may not be able to be determined until after construction starts. ***Date of last change 11/17/16.***
6. **2015 CDBG Grant Cycle.** Staff submitted one application (SLT well blending piping to tank) for possible grant funding consideration by the County, and addressed the Board of Supervisors at the 10/23/14 public hearing to express the District's needs for various infrastructure projects. County has indicated that this Project will be funded through CDBG grant funds. DE submitted a letter proposal to District staff a letter proposal in early December 2015 for professional services. Staff is in the process of acquiring services for a

biologist and archaeologist to address CEQA/NEPA requirements. District staff is reviewing other engineering proposals for possible selection to perform the Work. District staff also asked Wallace Group to update and resubmit their letter proposal, which was done in August 2016, and again on 9/27/16. County is now requiring a more extensive biological review of the Project, and District staff is in the process of addressing the County's request. **Date of last change 10/28/16.**

7. **2016 CDBG Grant Cycle.** A CDBG application was submitted in October, to request funding for the water main upgrade, crossing beneath UPRR at 11th Street. This has become a critical project based on recent observations and required repairs on this water main. **Date of last change 11/17/16.**
8. **CDBG – Fire Hydrant Replacements.** The project was awarded to Whitaker Construction. The physical work is complete, and District staff is in the process of closing out the Project. **Date of last change 6/23/16.**
9. **Active Will Serves.** The following is a summary of the active “Will Serves” staff is currently reviewing, or Inspecting during Construction:
 - a) **Butterfield Downtown Mixed Use.** Butterfield submitted plans for a mixed use project on Mission Street. Staff conducted preliminary review of the plans, and met with Mr. Butterfield to discuss the project. Final plan check comments were issued in November 2009, and District Staff/District Engineer and Fire Chief signed and approved the plans at that time. Recent discussions with the Developer indicate the possibility that early phases of the Project may be moving forward in the near future. If so, District Staff will issue a new preliminary will-serve letter for the Development, and will conduct a re-review of the plans since nearly 3 years has elapsed since approval of the prior plans. **Date of last change 12/22/11.**
 - b) **People's Self Help (Tract 2527, formerly Mission Garden Estates).** Plans have been approved, construction expected to begin Spring 2017. **Date of last change 7/28/16.**
 - c) **Nino (formerly Ritter).** This Development Project, Tract 2637, is complete with all phases of infrastructure improvements. Phase 2 and 3 home construction is under way. **Date of last change 7/28/16.**
 - d) **People's Self Help (Tract 2710).** Construction of water and sewer lines complete, tested and passed inspection. **Date of last change 7/28/16.**
 - e) **Arciero (formerly Stuntman) Tract 2750.** See Utilities Supervisor report on the status of this Project. The final home is being constructed at this time, and is nearing overall project completion. **Date of last change 8/27/15.**
 - f) **Hasting Family Trust, Tract 2647.** Development construction is complete, and individual lots are in progress of being sold. **Date of last change 7/28/16.**
 - g) **972 K Street/Commercial.** Preliminary will serve was issued, DE and staff have reviewed and commented on first round of plans received. **Date of last change 9/22/16.**



ORGANIZATION & PERSONNEL COMMITTEE SUMMARY NOTES For November 4, 2016 Meeting

I. Call to Order:

Chair Green called the November 4, 2016 O & P Committee meeting to order at 10:08 AM.

II. Pledge of Allegiance:

Director Kalvans lead the Pledge of Allegiance as requested by Chair.

III. Roll Call:

All Committee Members were present based on roll call of members.
Also in attendance: General Manager Gentry.

IV. Oral and Written Communications:

There were no persons in attendance wishing to speak on a matter not on the agenda.

V. AGENDA

1. Review and Discuss Salary Adjustment for non-management, non-confidential staff members eligible for step increase in compensation.

General Manager introduced this request item and reviewed the background information as detailed in the submitted written report. GM pointed out that this item has been previously continued for Committee consideration. GM stated that merit increases in compensation are required by District Personnel Policy to be reviewed and approved by the Board with a Committee recommendation.

GM stated that both employees are eligible for merit increases based on satisfactory personnel evaluations. Utility Operator 2 position is eligible to be moved from Step 1 level (\$17.94/hr) to Step 2 (\$18.84/hr) retroactive to September 1, 2016. Bookkeeper position, based on satisfactory personnel evaluation, should be brought into alignment with salary schedule at a Step 1 hourly rate of \$21.09/hr. Present rate is an agreed-upon rate of \$19.00/hr. based on prior salary schedule.

Both merit increases were factored into budgeted figures for salaries and wages.

Chair Green called for comments or questions by Committee. Chair Green began discussion with a comment about wage costs overall being too high for District. He

agrees that the 2 employees have proven their worth and earned an increase but is reluctant to support since he is convinced that overall wages are too high.

Director Kalvans asked GM if there were any conflicts involving either employee. GM stated that any discussion of that type of situation or circumstance would require a closed session discussion, not an open session. GM repeated that both employees have had a satisfactory performance evaluation which showed completion of prior stated goals to be achieved for merit increase. The Bookkeeper position adjustment is to capture alignment with Step 1 level hourly rate as set forth in the current salary schedule. Director Kalvans spoke in favor of fixing this misalignment as well as granting approval to Step 2 for Utility Operator 2 position retroactive as recommended.

Discussion ensued by Committee members on options for moving forward. Both members agreed to forward the item to the Board without a recommendation in support or opposed is appropriate. There was additional discussion about connection fees not adequate enough.

Chair Green commented that frugality is the key for District expenses in his opinion, especially for pay and all other expenses. He commented that he hopes there is not “a day when a choice has to be made about what stays open or operating” when an issue of cutting budget costs/expenses is involved.

Committee members agreed to forward this item to the full Board for consideration without a Committee recommendation on the request.

2. Review and Discussion of Existing District Contractual Agreements

General Manager introduced this report presenting a “global review” of existing service-related agreements. This is the first of this type of review but not the last planned. Future reviews will be done as a matter of routine reporting and status reviews.

Committee may provide direction or refer to the Board with a recommendation. There are 3 categories of service related contacts described in the written report. Each of those categories were briefly reviewed by GM for Committee discussion. The written report description provides information regarding each contract situation and status.

Chair Green asked about the Accounting/Audit services and expressed concern about changing auditing services since some work on FY 2015-16 has begun, no matter how small or minor. Director Kalvans stated his concern that the Auditor should be reporting problems or any lack of support and/or assistance not given by District staff.

Chair Green stated that the District has not received value for engineering services. He noted that the Wallace Group had been engaged for over 16 years and may be it is time to re-evaluate where and what those services should be for the future.

Director Kalvans commented that the District will be needing more value for these services when it comes to the groundwater concerns and issues confronting the District's future. Any engineering services should be doing more than what has been provided or being provided now.

Chair Green asked about the current separation of fire contract hours and utility services. He believed that it is time to evaluate how best to meet present and future operational needs for the two functional areas of duties and consider splitting the functions.

Director Kalvans asked about seeing the need for expanding capabilities in utility services through expanded services and expertise but was uncertain about other operations.

Committee members discussed sending this report for a Board review and action consideration at the next scheduled meeting. Members unanimously agreed to forward this "global review" report to the Board but that report should also include GM detailing specific options or alternatives for Board action discussions. Committee also agreed that these options should outline sufficient detail to assisting with any Board decision making, including details in alternatives/options analysis and utility service management ideas.

One final comment by Committee members was to eliminate overlapping of services, wherever and whenever possible, especially with the budget constraints of extraordinary legal expenses previously and repeatedly discussed by Board. Members agreed, unanimously, to forward this item to the November 17th scheduled Board meeting.

There were no public comments or requests to speak on this item.

V. COMMITTEE COMMENT:

Chair Green asked if GM could have a listing of future Committee agenda items prepared and included with Committee agendas. GM replied that a listing will be presented for the next meeting and continued thereafter. There were no other Committee comments to consider.

Chair adjourned the meeting at 11:38 AM.

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EQUIPMENT & FACILITIES COMMITTEE SUMMARY NOTES For November 4, 2016 Meeting

I. Call to Order

Chair Kalvans called Committee to order at 1:34 P M

II. Pledge of Allegiance

Chair Kalvans lead the Pledge of Allegiance.

III. Roll Call

Directors Kalvans and Reuck were present. All Committee members were in attendance.

General Manager Gentry and Utility Supervisor Dodds also attended meeting.

IV. Oral and Written Communications:

There were no persons present requesting to speak to Committee members.

V. AGENDA

1. Review and Discuss a Sole Source Award for Engineering Design Work related to SLT Blending Well Line proposed as a 2016-17 CDBG grant funded water quality improvement project.

General Manager Gentry introduced the request for Committee discussion and gave a summary of staff' recommendation to approve a sole source award to Wallace Group, as District Engineer, for this engineering design work. He also information about the Finance & Budget Committee's discussion which required additional information before that Committee forwarded a recommendation for Board consideration. General Manager asked Utility Supervisor to expound on other elements of the project, work to be done, practicality of staff being involved and the CDBG award/reallocation.

Utility Supervisor Dodds indicated that there are not many options for achieving an improvement in water quality without incurring significantly higher costs, such as arsenic removal treatment processes and equipment or other similar equipment. The blending line approach is believed to be the most cost effective and feasible for achieving improved water quality through a blending line approach.

The project line, itself, is designed to add lower arsenic level waters to the top of the existing tank at the top of the hill east of SLT well house. There was some discussion by Committee members about the Terrace area having a lot of issues.

Utility Supervisor Dodds reported that much of existing conditions for the Terrace area are associated with deferred maintenance practices of the past which must be resolved and addressed today and in the future. By pumping water to the SLT tank, we are anticipating a reduction in arsenic levels to within the regulatory limits by arsenic will remain a part of the supply.

There were questions by Committee about how much the original CDBG grant fund was. Mr. Dodds reported the original award was reallocated from another project to the SLT Blending Line project for \$150,000 including engineering design and construction costs. District crew may be restricted by HUD CDBG requirements from doing much work on this project. There may be some pre-project or preparatory work that can be done but the project is intended to be done by a third party contractor.

Wallace Group as sole source vendor meets the District Purchasing guidelines and requirements. Their engineering design services will be performed at a not-to-exceed cost of \$18,123. The CDBG portion of award for engineering design work was estimated at \$25,000. The cost reduction means that the District will assume added responsibility for project management on construction as well as more involvement for coordination.

There were no more Committee questions. Chair called for public comments or requests to speak. There was no public in attendance and no written comments received.

Committee Members unanimously agreed to recommend that the Board approve the sole source award of engineering design services to Wallace Group for the specified not-to-exceed cost of \$18.123.

2. Review and Discuss District Capital and Fixed Asset Guidelines

General Manager Gentry introduced this item for review and discussion. He indicated that this review is an informational item. There is no Committee action requested.

The District Capital and Fixed Asset Guidelines for inventorying, identifying and tracking assets, valued at more than \$ 100.00. These Guidelines were recently discussed by the O & P Committee at its September 2016 meeting.

Committee members commented that having the knowledge of these guidelines in place is assurance that District capital assets are indeed known, tracked and catalogued using data about purchase value, date of acquisition, identified as District property or equipment and for accounting of depreciation value.

There were no further Committee questions or comments. Chair called for public comment or requests to speak. There was no public in attendance and no written comments received by the Committee.

3. Review and Discuss of current status of water lines on 10th and 11th Streets as potential replacement capital project.

General Manager Gentry introduced this item for review and discussion for action or recommendation to the Board. He asked Utility Supervisor Dodds to provide the details of current conditions for the 10th and 11th Street water lines and potential replacement options. There was no requested action for Committee to consider.

Utility Supervisor Dodds stated that the written report provides the details surrounding the current conditions of both line locations which were discovered in September as a result of line leaks that occurred. The 1940's construction and use of corrugated steel sleeves encasing the water lines as resulted in a highly corrosive pipeline along 100 and 175 foot segments in both streets. The conditions of these lines are likely to be repeated, over time, in other District water lines in the areas west of the river.

He also reviewed replacement construction options, pros and cons of each option and cost as presented in the written report. The report also contains photos showing the conditions for the pipelines needing replacement. If the District were to take advantage of CDBG funding, the 2017 cycle which is timed for April 2017, the recent application, last week, included the 11th Street potential project for consideration.

Chair Kalvans asked whether or not these lines have broken before. Mr. Dodds replied that there had been no known leaks for these lines but as the photos show there is a substantial corrosion occurring that can be assumed as happening elsewhere too.

Director Reuck asked if upsizing to a 12-inch line is prudent at this time. Mr. Dodds answered that there is no significant reason to upsize either line now or in the near future based on projected growth or existing development. He also stated that the 10th Street line, under Mission Street, although in the same condition, can be fixed easier but permits from County will add to cost. There are potentially significant cost savings if the District can do both projects as a 2-Phase construction project which will consolidate specific cost for each listed list and street location as shown in the written report.

Chair Kalvans asked about the E & F Committee needing to examine a priority listing of water and sewer line replacement projects that could become a part of capital projects list. He also asked about staff developing potential funding sources for E & F Committee review and discussion.

There were no more Committee questions. Chair called for public comments or requests to speak. There was no public in attendance and no written comments received.

VI. COMMITTEE COMMENTS:

Chair Kalvans asked if there were comments. Director Reuck stated that he had no comments to make at this time. Chair Kalvans asked to have staff bring an agenda item for a comprehensive look at will serve and impact fees as a means to address funding of system needs for water and wastewater treatment but does not want to be prohibitive or non-competitive in funding structure, looking for innovation.

ADJOURNMENT

Chair adjourned the Committee meeting at 2:30 PM.

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SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
October 27, 2016 SPECIAL AND REGULAR MEETING MINUTES

MEETING HELD AT DISTRICT OFFICES
1150 MISSION STREET
SAN MIGUEL, CA 93451

- I. Meeting Called to Order by Acting President Reuck—6:00 pm
- II. Pledge of Allegiance: lead by Director Kalvans
- III. Roll Call: Directors Present: Buckman, Dawes, Kalvans and Reuck. Absent: Green
District Staff in attendance: General Manager Gentry, District General Counsel Schweikert via Skype video and audio and Fire Chief Roberson
- IV. Adoption of Special Meeting Agendas: Motion by Director Buckman to adopt Special and Regular Board Meeting Agenda as presented, Seconded by Director Dawes. Motion was approved by vote of 4 AYES, 1 ABSENT and 0 NOES.
- V. Public Comment and Communications:
Acting President Reuck asked if there was anyone present who wanted to speak to the Board or any requests to speak. There were no persons in attendance and no public requests to speak.
- VI. **ADJOURN TO CLOSED SESSION:**
Acting President Reuck announced that now is the time to adjourn to Closed Session for the purpose of discussion on Closed Session Agenda items.

CLOSED SESSION AGENDA: Time: 6:05 pm

1. **CONFERENCE WITH DISTRICT GENERAL COUNSEL—Anticipated Litigation**
Pursuant to Government Code Section 54956.7 (2) (d) (1 case)
2. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Pursuant to Government Code Section 54957(b) (1):
Title: General Manager

Director Green arrived—6:26 pm

3. **DISTRICT GENERAL COUNSEL PERFORMANCE EVALUATION**
Pursuant to Government Code Section 54957(b) (1):

Title: District General Counsel

B. RECONVENE TO OPEN SESSION

President Green reconvene Board to Open Session at 6:55 PM.

President Green recessed the Board for a short break at 6:55 PM.

President Green called the Board back in session at 7:08 PM

C. REPORT OUT OF CLOSED SESSION

4. District General Counsel stated that there was no reportable action out of Closed Session

VII. Call to Order for Regular Board Meeting

President Green asked members of public and Board members to join in a Pledge of Allegiance lead by himself.

VIII. Public Comment and Communication:

President Green asked if there was anyone in audience that wish to address the Board on a matter not on the agenda and noted that no action would be taken until placed on a future Board agenda.

Laverne Buckman, public member, addressed the Board and commented on the County Planning Commission proceedings that occurred earlier this date. She stated that the Commission has agreed to extend or continue its hearing on the San Miguel Community Plan until November 10th for purpose of having another opportunity for public input, especially about the District's service boundaries being co-terminus with the County Planning staff recommendations for the urban reserve line.

She encouraged awareness about this important hearing procedure and the desire of the County Planning Commissioners to obtain more public input before finalizing their recommendation to the Board of Supervisors. Commission's next meeting is scheduled for November 10th.

There were no other public comments or requests to speak.

IX. Staff & Committee Reports – Receive & File:

Non-District Reports:

1. San Luis Obispo County Sheriff
There was no report given.
2. San Luis Obispo County Board of Supervisors
There was no report given.
3. San Luis Obispo County Planning and/or Public Works

Jeremey Ghent, County Public Works Department gave a report about County's 2016 San Miguel Circulation Study, an update revision tied to the changes in San Miguel Community Plan being heard by Planning Commission

He spoke about the County's development impact fees for traffic impacts related to new developments. For the period from July 1, 2015 to June 30, 2016, seven single family home building permits subject road improvement fees have paid those mitigation fees. The FY 2015-16 fund balance for County use is \$185,103.in revenues. There were no reportable expenses in this fund account.

County anticipates future road projects, none are planned for this fiscal year, will use those funds for improvement costs. These fees can be used to fund right-of-way acquisition, permitting, design, environmental work, and construction.

He identified future capital projects, which are anticipated by the time community has reached buildout, approximately 10-20 years in future. Listed capital projects are: install traffic signal with rail crossing features at 14th Street and Mission Street; completion of Circulation study and construct roadway on Magdalena Street in conjunction with TR 2647 project. Total costs, estimated in current value, is \$3,185,000. An estimated \$2,262,760 is calculated to come from this development impact fee program.

President Green asked when the County might do a project on Magdalena Street. Mr. Ghent replied that the identified future capital projects are based on community buildout, traffic warrants using demand and volume of vehicles, and the funding availability. President Green also asked about the traffic signal at 14th Street. Mr. Ghent answered with the same response, except the situation at this location is complicated by having to secure railroad approval for construction, signalization and improvements.

President Green if there were any Board questions.

Director Dawes asked about the funding, specifically who controls the funds. Mr. Ghent replied that the County receives the fee payments prior to the issuance of a construction or building permit for a new project. Those funds are restricted and held in a force account by the County. He also stated that County might loan money to any future capital project based on projected revenues but there is no such decision being considered or already made by County officials. Director Dawes also asked if there is an annual report provided on fees collected. Mr. Ghent replied that there is an annual report and will be provided to local agencies, either by request or directly.

Director Kalvans asked about the type of construction is anticipated on North River Run in the future. Mr. Ghent replied that the road segment from the bridge to the limits of last year's widening project is likely and is anticipated to be a shoulder widening project. Director also asked about how far the District's boundaries might

be expanded in the future. Mr. Ghent stated that the impact fee boundary is the District's current boundaries and only applies to any new development projects.

President Green recognize a request by public to speak on this item.

Laverne Buckman commented that the Public Works Department had reviewed this same information with the Advisory Council several weeks ago as a part of its review of Community Plan. Advisory Council had no comments or remarks to provide about the Circulation Plan update.

She also asked about the County's truck trip mitigation fees and whether or not it is still collected. Mr. Ghent replied that the County did assess fees for quarry operations and truck trip impacts but there is nothing impacting San Miguel. Agriculture operations are not, generally, captured for these fee assessments.

There were no further public comments.

4. San Miguel Area Advisory Council
Director Kalvans stated that the Council did hear a report on changes to Wellsona Road crossing which will include more caution lights and an added street light with added acceleration lane to southbound.

There were no further public comments or questions.

5. Camp Roberts—Army National Guard
There was no report given.

District Staff & Committee Reports:

6. General Manager Gentry
GM reported recent CPR training conducted by Fire Department for District staff. Also spoke about computer equipment changes installed.
7. District General Counsel (Attorney White)
General Counsel Schweikert on behalf of firm stated that there was nothing to report.
8. Utility Supervisor (Mr. Dodds)
GM indicated that there is a written report submitted by Utility Supervisor in the Board's packet and asked if there were any Board questions.

Director Dawes asked about status of grant fund reimbursement for fire hydrant project. GM replied that District staff will be meeting with County staff for a required project audit review in November on or about the 17th. This meeting is a requirement of HUD for CDBG grant funds awarded in order to physically receive the actual funds.

Director Dawes also commented that CDBG funding may not be the best funding mechanism and indicated that District needs to examine optional funding sources whenever possible.

President Green recognized Laverne Buckman, member of the public, for a question.

Laverne Buckman asked about the listed tract maps and where the information comes from. GM answered that the District tracks the County approved tract maps and projects, including time extensions that may be granted by the County.

9. Fire Chief (Chief Roberson)

Fire Chief Roberson stated that a written report is included with Board's packet and asked if there were any questions. Chief commented briefly about receiving money for engine reimbursement, an estimated \$11,000. Also spoke briefly about the Canyon Fire in Lompoc and District crew assigned to incident.

President Green asked for Board questions.

Director Kalvans made a comment thanking Chief for developing the graphics in his report. The use of the graphics make it easier to understand and identify potential trends.

There were no further questions or comments.

10. District Engineer (Mr. Tanaka)

GM reported that the monthly Engineer's written report is submitted for Board's review and asked if there were any questions.

There were no Board or public questions regarding the submitted report.

11. Finance/Budget Committee (Director Dawes, Chair)

Chair Dawes reported that there was no meeting in September but there will be a report in November. Committee is looking forward to seeing further improvement to Black Mountain reporting.

There were no Board or public questions or comment.

12. Organization/Personnel Committee (Director Green, Chair)

Chair Green reported that there was no Committee meeting due to lack of a quorum.

There were no Board or public questions or comment.

- 13.** Equipment & Facilities Comm. (Director Kalvans, Chair)
Chair Kalvans reported that there was no Committee meeting in September.

There were no Board or public questions or comment.

- 14.** Water Resources Advisory Committee (Director Kalvans, Rep)
Director Kalvans stated that there was nothing to report.

X. CONSENT ITEMS:

President Green announced that is the time for items listed under Consent to be acted as a group unless there is an item to be pulled for further discussion. He asked if any Board Member or a member of the public wishing to pull an item.

There was no request by Board or member of the public wishing to pull an item for further discussion.

Director Kalvans made a motion to approve the Consent Calendar as presented, Seconded by Director Buckman.

Motion was approved by a unanimous voice vote to approve Agenda Items 15a. – c., **15 a.** Approval of Special Board Meeting Minutes for October 14, 2016, **15 b.** Approval of Special and Regular Board Minutes for September 22, 2016, **15.c** Approval of Special Board Meeting Minutes for September 15, 2016.

XI. BOARD ACTION ITEMS:

President Green announced that now is the time and place for a public hearing to consider a proposal to form a Groundwater Sustainability Agency (GSA) and asked the GM to introduce the public hearing and written report.

PUBLIC HEARING:

- 16.** Conduct a public hearing and Consider approving **Resolution No. 2016-34** to form a Groundwater Sustainability Agency (GSA) pursuant to the State Groundwater Sustainability Act.

GM Gentry gave a brief verbal report of the purpose and reason for this public hearing and a statement regarding completion of the required public hearing notifications that were published for at least 2 weeks prior to this hearing, the notification to a list of potential stakeholders of interest in these proceedings and background information, in the submitted written report, regarding the Sustainability Groundwater Management Act (SGMA). He pointed out that the submitted report enumerates the purpose and authority for forming a District GSA which is subject to State agency approval that will administer planning and action efforts to relieve the overdraft conditions of the Basin, in conjunction with others.

The purpose and rationale for the District to form its own GSA is described in the adopting Resolution presented for Board consideration and action. GM Gentry summarized the

rationale as the District retaining the primary responsibility for its portion of the Paso Robles Groundwater Basin (Basin) for water resource management responsibilities now and in the future. GM Gentry outlined that a District GSA will need to continue collaboration and cooperation with other GSA within the Basin through out the planning process as well as during a much longer term implementation phase after a sustainability plan is approved by the State.

Staff recommended that the Board of Directors approve **Resolution No. 2016-34** to initiate the process for forming a Groundwater Sustainability Agency (GSA) pursuant to the State Groundwater Sustainability Act.

President Green asked if there were any questions by the Board.

Director Buckman asked General Counsel about how other properties, in surrounding unincorporated areas, could be included in the District's GSA. General Counsel asked Kerry Fuller, ChurchwellWhite, to respond in answer to the question. Ms. Fuller replied that it is unclear, presently, how any properties will be allowed to annex into a GSA or even if it will be possible. Assuming for purposes of further explanation, that the County does not form a GSA for uncovered, unincorporated lands and properties then State would be the enforcing agency pursuant to the Act. She indicated that the intent of SGMA is that you have to cooperate and collaborate for restoring the Basin water resource conditions so that overdraft is reduced or eliminated.

GM Gentry explained that if properties were adjacent to existing District boundaries and wanted to annex into the District then LAFCO would be involved with such a change. If an area were annexed into the District using the LAFCO process, it is unclear how State DWR would deal with such a change in boundaries, specifically for covering that annexing property with the GSA.

General Counsel Schweikert expounded on that explanation with additional qualifications for any such annexation but did point out that a property, not located adjacent to existing District boundaries would not likely be able to annex into the District unless a part of a larger annexation of parcels.

President Green and Director Kalvans asked General Counsel to explain what could or potentially would happen if an unincorporated area is not covered by a County GSA or another GSA. General Counsel explained that either the County is covering via its own GSA or the State Department of Water Resources will become the regulator/enforcer of the SGMA requirements even for private well owners.

President Green asked if there were any requests to speak or anyone wishing to speak on this item.

Laverne Buckman, a public member, asked for additional clarification on the question of private well owners being able to be a part of a GSA and what happens if the County does not form its GSA, either before the deadline or drops any effort to form its own GSA.

There were no further questions or comments.

President Green asked if there was a motion to be made.

Director Kalvans made a motion to approve Resolution No 2016-34 as presented to form a District GSA pursuant to State law, Seconded by Director Buckman. Motion was approved by Roll Call vote, 5 AYES, 0 NOES.

XII. BOARD COMMENT:

Director Buckman asked General Counsel about the property tax review, particularly the Gallo property and whether or not the District was receiving its proper tax revenues. General Counsel advised the Board that after reviewing County Assessor information and data, it was concluded that the District is receiving appropriate and proper tax revenues at a rate of 0.012 of the 1% annual assessments twice a year as prescribed by law.

Director Reuck commented that he had a conversation about the need for a community hospital to serve the resident. He wanted to pass the conversation comment along to the Board.

Director Dawes asked if there was any progress to report on getting a white noise machine set up for Closed Session discussions. GM replied that some initial investigation into costs, types of apparatus' available but would need to circle back on this item.

President Green announced that Committee meeting dates are set for all Committees in November. Announced the next scheduled Board meeting is November 17th.

XIII. ADJOURNMENT

President Green adjourned the meeting at 8:20 PM.



SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
August 18, 2016 SPECIAL MEETING MINUTES

MEETING HELD AT DISTRICT OFFICES
1150 MISSION STREET
SAN MIGUEL, CA 93451

I. Call to Order:

Meeting called to order by President Green at 6:04 PM

II. Pledge of Allegiance:

Director Buckman asked to lead the Pledge of Allegiance.

III. Roll Call: Directors Present: Buckman, Dawes, Green and Reuck. Absent: Kalvans

District Staff Attending: General Manager Gentry and District General Counsel Schweikert

III. Adoption of Special Meeting Agenda

Director Buckman made a motion to adopt Special Meeting Agenda as presented, Seconded by Director Reuck. Motion was approved by voice vote of 4 AYES, 1 ABSENT and 1 NOES.

IV. Public Comment and Communications (for items not on the agenda):

There were no public requests or persons wishing to speak to the Board.

President Green announced the Closed Session and adjourned at 6:08 PM

VI. ADJOURN TO CLOSED SESSION:

A. CLOSED SESSION AGENDA:

**1. CONFERENCE WITH DISTRICT GENERAL COUNSEL—Anticipated
Litigation**

Pursuant to Government Code Section 54956.7 (2) (d) (2 case)

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b) (1):

Title: General Manager

B. RECONVENE TO OPEN SESSION

President Green reconvene to open session at 6:56 PM and announced a short recess. President Green called meeting back to order at 7:00 PM. He requested General Counsel to report out of Closed Session.

C. REPORT OUT OF CLOSED SESSION

3. District General Counsel stated that there was no reportable action out of Closed Session

VII. Call to Order for Special Board Meeting – OPEN SESSION

President Green announced that now is the time for any person to address the Board on any item or ask any questions.

VIII. Public Comment and Communications:

There were no public requests or persons wishing to speak to the Board.

IX. BOARD ACTION ITEMS:

4. Review and Discuss **Resolution No. 2016-22** adopting the FY 2016-17 Operations and Maintenance Budget and approving for planning purposes the FY 2017-18 O & M Budget.

President Green asked General Manager and Director Dawes to introduce this continued action item for meeting discussions. Director Dawes, Chair of Finance & Budget Committee began by pointing the need to answer fundamental questions of: what does the Board want to do: trim the budget, balance the budget or dealing with realistic numbers of expenses vs incomes. He pointed out the need, in spite of what is ultimately to be done with the budget, it is apparent that a rate study needs to be done in very near future. Director Dawes also pointed out that, in meetings with GM, the figures have been reviewed thoroughly and adjusted for this discussion.

GM Gentry pointed out where specific changes were made. Even with these changes, the fiscal budget remains out of balance due to extraordinary legal expenses and will require use of capital reserves to balance the O & M budget. The budget still allocates funding to vehicle replacement, capital reserve and investment which will be done by separate Board action after the budget is finally adopted. Staff is recommending that the Board approve the fiscal budget if all questions or changes have been made and are ready to be accepted. If the Board does want to approve the budget, as presented, this evening, then a resolution is attached with the written staff report on the FY 2016-17 and 2017-18 budgets.

Board continued its discussion of proposed budget and changes. Several comments were made about the ongoing Steinbeck lawsuit against the District and the impacts arising from having to divert financial resources. GM pointed out that this diversion results in diminished ability to financially support infrastructure improvements or address deferred maintenance improvements.

There was additional discussion about request in budget for additional staffing. Director Dawes pointed out that GM had provided supplemental statement for part time positions in Utility Services and Administration Departments. He believes there will be reasons to consistently monitor and track expenses. He also believes the budget needs to be adopted.

President Green stated that he is not entirely convinced about the need but could only see the need, at most, being part-time positions.

Directors Buckman and Kalvans both point out the need to adopt a budget. The requested positions are being proven to be needed. Both members commented about the extraordinary legal expenses and regretted this restriction when the District has some much more to be done for infrastructure improvements, expansion of treatment plant and other items.

President Green asked for a voice vote to continue this item until the next scheduled Board meeting before seeking additional public comment or Board action. All Board members present unanimously voted to continue this item.

5. Review and Discuss approving Resolution No. 2016-28 adopting Proposed Timekeeping Policy and Guidelines

President Green asked General Manager to introduce this action item for discussion.

General Manager gave a brief summary of the written staff report in the packet. He stated that this policy is necessary to establish policy for implementing the new timekeeping system for non-management employees. GM reviewed the policy guidelines as presented. These guidelines were reviewed by O & P Committee at its July meeting.

President Green asked if there were any Board questions. There were none. President Green asked to modify Policy #2 to add “or approved necessary absences or appointments” to this statement. There was brief discussion by Board about whether or not the present language would cover such “approved absences or appointments”.

Board members present agreed that including the additional language could aid in clarifying the intent and purpose of getting approvals, in advance, for absences or appointments.

President Green asked if there were any requests by the public to speak on this item. There were none.

Director Reuck made a motion to approve Resolution 2016-28 adopting District Timekeeping Policy and Guidelines with a modification to Policy #2 statement as discussed, Seconded by Director Dawes. Motion was approved by a roll call vote of 4 AYES, 0 NOES and 1 ABSENT.

X. BOARD COMMENT:

President Green asked if there were any Board comments.

Director Dawes asked that if any Board member has any suggested budget changes then speak with GM or himself. He again asked that Board members take into consideration the need for get a rate study started and completed as soon as possible. The budget, this year, is clearly pointing to this action as an immediate need.

No other Director had comment.

President Green asked GM to schedule a noontime Closed Session for August 26th Board Meeting and also keep the annual audit discussion on agenda for next meeting. Also asked GM to include the future agenda listing for Board members. He also asked if the O & P Committee agenda for next meeting could include a report on District assets inventory and identification practices. He asked GM to check with Director Kalvans about his availability for O & P Committee meeting.

XI. ADJOURNMENT:

President Green adjourned the meeting at 8:58 PM.

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San Miguel Community Services District Board of Directors

Staff Report

November 17, 2016

AGENDA ITEM: XII.16

**SUBJECT: Discuss Salary Adjustment for non-management, non-confidential staff
Member eligible for step increase in compensation**

STAFF RECOMMENDATION:

Discuss and Approve **Resolution No 2016-36** approving salary adjustment for 2 staff members eligible for step increase and authorize General Manager to make adjustments based on satisfactory annual performance evaluation.

BACKGROUND:

Annual performance evaluation of active District personnel and salary adjustments are required by District Personnel Policies to be authorized by Board prior to any change in status, including a merit or step pay increase. This salary adjustment request was reviewed by Finance & Budget Committee and Operations & Personnel Committee. Finance & Budget Committee made a recommendation to the Board to approve the requested merit increases retroactive. Operations & Personnel Committee forwarded the request to the Board for consideration without a recommendation to the Board.

Annual performance evaluation of the Utility Operator 2 position, has been completed. David Tracey serves as Utility Operator 2. He was last authorized for a merit increase in January 2016, which was late for the annual review and resulted in retroactive pay back to September 2015.

Mr. Tracey has completed operator certification training and testing as specified in 2015-2016 goals, a part of last year's evaluation statement. Once again, for the current performance evaluation period, specific goals in skill training and performance have been identified for achievement by the next evaluation period. His performance for the position requirements and duties performed is above expectations.

Personnel Policies state that step or merit increase in compensation may be authorized based on General Manager's recommendation with a satisfactory annual performance evaluation. This request is seeking authorization for a step increases effective with next payroll period, after Board approval, from current Step 1 (\$17.94) to Step 2 (\$18.84) for Mr. Tracey. This increase is retroactive to September 1, 2016.

An annual performance evaluation of Bookkeeper/Accounting, Michelle Farrar's position, has also been completed. Specific objectives in skill training and work performance have been identified for her next performance evaluation period. Her performance for the position requirements and duties performed are above expectations.

Personnel Policies state that step or merit increase in compensation may be authorized based on General Manager's recommendation with a satisfactory performance evaluation. Michelle as Bookkeeper/Accounting has been reviewed for mid-introductory period. This salary adjustment will align the position and compensation step schedule to Step 1, \$21.09 hourly for that position and will become effective upon Board approval.

FISCAL IMPACT:

The cost of this merit or step increase is \$3,962 gross yearly or \$330.17 gross per month. Merit increases were anticipated and projected for the FY 2016-17 Personnel budget expenses. It should be noted that the Bookkeeper position is part-time and not projected at full time position cost, even with the proposed salary adjustment increase.

ACTION DISCUSSION:

Staff recommends that the Board authorize the General Manager to award step/merit increase in compensation to Utility Operator 2 and Bookkeeper/Accounting positions effective retroactive to September 1, 2016.

PREPARED BY:

Darrell W. Gentry

General Manager

Attachments:

- A. Compensation Step Schedule

APPENDIX "A" - COMPENSATION STEP SCHEDULE August 30 2016

CLASSIFICATION	RANGE	Existing	PROPOSED	Existing	PROPOSED	Existing	PROPOSED	Existing	PROPOSED	Existing	PROPOSED	Existing	PROPOSED	Existing	PROPOSED	BARGAINING UNIT
		STEP 1	Step 1	STEP 2	STEP 2	STEP 3	STEP 3	STEP 4	STEP 4	STEP 5	STEP 5	at step 1	at step 1	at step 5	at step 5	
Administrative																
Account Clerk 1/Accounting (vacant)	hourly	\$0.00	\$14.99	\$0.00	\$15.74	\$0.00	\$16.53	\$0.00	\$17.35	\$0.00	\$18.22	\$0	\$15,590	\$0	\$18,949	NM-NC
Account Clerk 2/Operations Coordinator	hourly	\$0.00	\$18.22	\$0.00	\$19.13	\$0.00	\$20.09	\$0.00	\$21.09	\$0.00	\$22.15	\$0	\$37,899	\$0	\$46,066	NM-C
Accountant (vacant)	yrly	\$18.00	\$22.15	\$18.90	\$23.25	\$19.85	\$24.42	\$20.25	\$25.64	\$20.66	\$26.92	\$37,440	\$23,033	\$0	\$27,997	M-C
Bookkeeper/Accounting	hourly	\$0.00	\$21.09	\$0.00	\$22.15	\$0.00	\$23.26	\$0.00	\$24.42	\$0.00	\$25.44	\$0.00	\$21,934	\$0.00	\$26,458	NM-C
Utility																
Utility Worker	hourly	\$0.00	\$12.75	0	\$13.39	0	\$14.06	0	\$14.76	0	\$15.50	\$0	\$13,260	\$0	\$16,118	NM NC
Utility Operator 1	hourly	\$14.00	\$15.50	\$16.00	\$16.27	\$17.50	\$17.09	\$19.00	\$17.94	\$20.50	\$18.84	\$29,120	\$32,235	\$42,640	\$39,182	NM-NC
Utility Operator 2 (new)	hourly	\$0.00	\$17.94	\$0.00	\$18.84	\$0.00	\$19.78	\$0.00	\$20.77	\$0.00	\$21.81	\$0	\$37,316	\$0	\$45,358	NM-NC
Utility Operator 3 (new)	hourly	\$0.00	\$20.77	\$0.00	\$21.81	\$0.00	\$22.90	\$0.00	\$24.04	\$0.00	\$25.24	\$0	\$43,198	\$0	\$52,508	NM-NC
Utility Crew Supervisor	hourly	\$23.00	\$26.51	\$25.25	\$27.83	\$27.50	\$29.22	\$29.75	\$30.68	\$31.25	\$32.22	\$47,840	\$55,133	\$65,000	\$67,015	NM - C
Contractual																
General Manager	(contract)															N/A
Asst Fire Chief	(contract)															N/A
Fire Chief	(contract)															N/A

NOTES:

NM-C = Non-Management - Confidential
 NM-NC = Non-Management -Non Confidential
 MC = Management - Confidential

Step 1 assumes full time hours
 Step 5 assumes full time hours at 5 years

Account Clerk -full time --vacant. (Existing beginning rate=\$14.99, max rate=\$18.22) with 2% COLA granted 10/22/2015

Account Clerk 1/Accounting position is a vacant, new part-time only

Bookkeeper/Accounting position is a new title and part-time position at \$19.00. Michelle Farrar --Bookkeeper/Accounting should be at Step 1.

Account Clerk 2/Operations Coordinator is new descripr Tamara Parent -- from Account Clerk to Account Clerk 2/Operations Coordinator

Utility Operator 1 is new description

Utility Operator 2 & 3 positions are new David Tracey -- from Utility Operator to Utility Operator 2

Utility Worker position is new as part-time (temporary now) only.



RESOLUTION NO. 2016-36

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MIGUEL
COMMUNITY SERVICES DISTRICT APPROVING SALARY ADJUSTMENTS FOR 2
DISTRICT EMPLOYEES AND AUTHORIZING A CHANGE BASED ON
COMPENSATION STEP SCHEDULE**

WHEREAS, the San Miguel Community Services District (“SMCSD”) has adopted District Personnel Policies, effective September 2016, require job reclassifications and/or salary adjustments to be approved by the Board of Directors (“Board”); and

WHEREAS, the District General Manager (“Manager”) has the administrative responsibility for recommending any change in job reclassification and compensation to the Board; and

WHEREAS, the Manager has recommended adjustments in salary compensation adjustments retroactively for two eligible individual employees as identified in a written report dated November 17, 2016 to the Board incorporated by reference hereto; and

WHEREAS, the Board, based on Manager’s recommendation in support of these changes in salary adjustments, in accordance with District compensation step schedule, did approve these changes at its Board Meeting of November 17, 2016; and

NOW THEREFORE, BE IT RESOLVED, by the Board approves and authorizes the General Manager to implement the specified salary adjustments.

PASSED AND ADOPTED on November 17, 2016 by the Board of Directors on a motion of Director _____, seconded by Director _____ by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

John Green, President
Board of Directors

ATTEST:

Darrell W. Gentry, General Manager
and Secretary to the Board

APPROVED AS TO FORM:

Doug White, District General Counsel



San Miguel Community Services District Board of Directors

Staff Report

November 17, 2016

AGENDA ITEM: XII.17

SUBJECT: Review and Discussion of Existing District Service-Related Contractual Agreements

STAFF RECOMMENDATION:

Review and Discuss existing service related contractual agreements. Board should also consider action options related to these specified agreements and take action as determined by Board discussions.

BACKGROUND:

The District has, since its formation in 2000, used a variety of contractual agreements for professional services needed. This report is a “global” review of existing service-related agreements. The purpose of this review is to provide a comprehensive report and status of these existing contractual agreements on a regular basis. This is the first of planned regular reviews by the Board.

The Organization & Personnel Committee reviewed and discussed these existing agreements at its November 4, 2016 meeting and determined that there should be further consideration and action by the Board. Specifically, the Committee asked that alternative options for any or part of these service related agreements be provided to the Board for potential action as may be determined by the Board. Committee also asked that the Board be advised about these identified costs and terms.

Existing service related contractual agreements, currently in effect, are in 3 categories:

- a) Legal
- b) Accounting/Finance
- c) Professional Services

SERVICE AGREEMENTS:

a) Legal Services:

ChurchwellWhite is District General Counsel and has served in that capacity for the past year. There is no limited to term of a negotiated agreement and based on fixed monthly expenses plus travel. The monthly retainer fee is \$2,500 applied to General Counsel services with a not to exceed

\$50,000 yearly. Special Counsel services, such as litigation in the Steinbeck case and recent personnel matters, are based on higher hourly rates, \$250/hour, for these special counsel services. Hourly rates are subject to a CPI annual increase and adjustment.

Services provided are routine General Counsel, Legislative and Lobbying, secretarial, word processing and clerical. Outside Counsel, if required by District and firm are agreed to, can be provided by or obtained at negotiated hourly rate cost. Services may be terminated by either party with 30-day advance written notice. There are no other legal service contracts.

b) Accounting/Finance:

The District has retained independent audit services for annual fiscal year audit report preparations. Crosby Company was awarded a 3-year term, 2014-15, 2015-16 and 2016-17 audit periods, for these services. The cost of these services is \$7,800 for each audit report completed. The 2014-15 Audit Report is completed and accepted. 2015-16 audit work has yet to begin by Auditor. Crosby Company is an independent contractor to the District.

F & B Committee completed a review and discussion agenda item at its October 25th meeting and is providing a recommendation to the Board. A copy of the F & B Committee report is attached for review.

There are no other financial or accounting service-related contract agreements.

c) Professional Services:

Administration

The General Manager position is an open-ended term agreement subject to termination for cause or no cause with written notification. Contractor is Darrell Gentry serving in this capacity at the equivalent of \$47.50 hourly rate and based on full-time hours, approximate 2080 hours annually, with no benefits or retirement costs borne by District. As GM contract specifies GM receives same holidays and sick leave as other District employees. Contract specifies 27 days of paid vacation leave annually with no roll-over or accrual beyond 27 days. Annually, vacation leave begins new each May of the current year. The contract agreement for permanent position was entered into May 2015. Position is considered a management, confidential, exempt employee subject to terms of existing contract agreement.

Scope of Services includes day-to-day administration of District operations and Departments, financial and budgeting, personnel matters, including supervision, recruitment, training and performance evaluation. Clerk to the Board for all documents, meeting minutes, agenda preparation, operational analysis and reporting, meeting attendance, policy and resolution documentation, long-range and strategic planning, assure state and federal regulatory compliance reporting.

Engineering

The Wallace Group is serving as District Engineer and has been in this capacity since February 2000, shortly after formation of SMCSO. The services provided by existing contract are an

on-call basis, including: general engineering advice, representation of District at meetings as directed by District, review and plan checking of maps, plans, permits and other documents as directed, water operation consultation and assistance, engineering design work, administration of District utility and public works projects as directed by District.

These services are provided based on hourly rate schedule which provides for a CPI adjustment with notice by Wallace Group. The last adjustment was done early 2014. The existing contract agreement may be terminated by either party with 30-day written notice.

The District is currently seeking and receiving bid proposals from civil engineering firms for these District Engineering services. Wallace Group was also, by their request, given a bid package for their consideration in preparing a bid proposal response.

Fire

There are two contract agreements for fire protection services, the Fire Chief and Assistant Fire Chief positions. The Fire Chief position is held by Rob Roberson and Assistant Fire Chief position is held by Kelly Dodds.

Fire Chief Scope of Services—A 3-year contract agreement was executed by District and Fire Chief in September 2015. Chief is presently in the 2nd year of this agreement term. Provisions of contract agreement specify: part-time duties as fire chief, responsibility for day-to-day administration, firefighter training, representation of District as may be directed, attendance at Board meetings as needed, annual compensation, duties, benefits, performance evaluation, fitness for duty, uniform/firefighting gear and vehicle use. Contract also allows for other employment by Chief.

Annual compensation schedule calls for yearly rate of:
\$21,780 for FY 2015-16,
\$22,433.40 for FY 2016-17 and
\$23,106.40 for FY 2017-18.

This compensation is paid on a fixed monthly cost basis which is budgeted. Fire Chief position is paid the first of each month. This contract agreement may be terminated, in writing, by either party for cause or no cause.

Assistant Fire Chief Scope of Services—The prior contract agreement with Kelly Dodds was extended in early 2015 along with Fire Chief contract. No new agreement terms have been concluded by both parties. The prior contract agreement specifies a fixed annual compensation of \$14,850 which is paid the first of each month.

This position involves part-time, on call basis for specified fire protection services, including but not limited to: plan check reviews, inspections as directed by Chief, assisting with firefighter training, filling-in for Fire Chief in his absence, assisting Fire Chief with long-range planning and operational needs, preparing analysis and reports as directed, answering public questions, attending Board meetings as Assistant Fire Chief in Chief's absence and

representing the District with outside the District agencies as may directed by Fire Chief or General Manager.

Terms of a new agreement have not been agreed-to by either party at this time. This contract agreement may be terminated, in writing, by either party for cause or no cause. In this case, there could be a withdrawal of any renewal of service contract, if so determined as needed by the Board with a reduction in budgeted costs. Otherwise, negotiations by Assistant Fire Chief and General Manager may be directed to continue negotiations in order to reach a mutual agreement.

There are no other fire protection service-related contract agreements.

DISCUSSION OF ALTERNATIVES:

For these 3 categories of agreements, the O & P Committee requested staff to formulate reasonable, feasible options or alternatives for Board consideration and actions, if so determined. The Committee discussion involved consideration of costs reductions wherever feasible and reasonable, quality of service, types and purpose for each service and service needs now and in the future.

a) Legal Services— Action Option(s):

As Board is aware, the services of ChurchwellWhite (CW) are one year with the District. The Steinbeck lawsuit and several other personnel proceedings have been extraordinary for cost. The overall quality of legal services to the District have improved significantly over the past year, including contributions to Board policy documents, communications and negotiations. CW also has very knowledgeable and experienced attorneys assisting the District.

Staff believes these services are needed now and for the foreseeable future. There have been some steps to minimize District expense for in-person attendance at meetings or other client conferring sessions by use of technology, which is already reducing costs. The Steinbeck lawsuit will end but the ending date is unknown. For now, and in the future, the District will plan for future legal expenses to be at extraordinary levels. Other personnel proceedings, specifically hearing procedures, have concluded so those expenses are anticipated to become much less or eliminated.

It is highly unlikely that future legal needs would warrant having an attorney as a part of staffing, so contractual agreements are likely for the future.

Recommendation—No action is recommended or determined necessary.

b) Accounting/Finance Services— Action Option(s):

The Finance & Budget (F & B) and the Organization & Personnel (O & P) Committees both reviewed current auditing services provided by Crosby Company. As the Board is aware, the services provided by Crosby Company, in the completion of the 2014-15 Audit Report, caused the Board and staff some frustration over performance, ability to meet District's priorities and schedules and firm's commitment to District in spite of repeated assurances by the firm.

Crosby Company has 2 more years of contractual services to provide for other audit periods. The current period is for the FY 2015-16. Crosby Company has been provided, by District staff, requested reports that would allow the commencement of the required audit. There have been no site visits planned or done as of this report date. If there is an auditing reason for a first hand examination of District financial records and files, then a site visit is usually scheduled. Very initial steps to begin the FY 2015-16 auditing are started. F & B determined that the Board should review and consider making a switch in auditing services with a termination of the existing agreement based on demonstrated poor performance and commitment to a timely independent audit completion.

Staff believes auditing services are needed now and in the future. If the present contract agreement with Crosby Company were terminated on basis of poor performance and lack of commitment to completion of a timely independent audit report, then a new RFP for bid solicitation would be required per District Purchasing Policy. Any delay from a new bidding solicitation could result in a late audit report being finalized on or before May 2017. There is a one-year term for completing and filing audit report copies with County Clerk and with State Controller's office.

Recommendation—Staff recommends that the Board consider terminating these services and authorize new bids be solicited for a new 3-year term providing independent auditing services. If the Board retains the existing firm and contract, then auditing services would remain unchanged until after completion of FY 2017-18 audit.

c) Professional Services—Action Option(s):

Administrative—The Board has recently completed a General Manager (GM)) performance evaluation and made certain determinations and statement of performance goals were listed for achievement prior to next scheduled review and evaluation in May 2017. The Board retains the right to terminate the existing GM contract agreement with or without cause as may be stated in a written notice. Staff believes these services are needed now and in the future. Future contractual agreements would be a matter of terms and conditions negotiation by the then Board members.

Recommendation—No action is recommended or determined necessary.

Engineering— The Wallace Group is serving as District Engineer and has been in this capacity since February 2000, shortly after formation of SMCS D. The contractual services are identified elsewhere in this report. A recent RFP solicitation for District Engineering services was recently closed and will be reviewed by Committees in December for possible new services being retained.

Staff believes engineering services are needed now and in the future. The District is, however, embarking on capital improvement projects that are significant and important to operational needs. As a result of projecting operational needs of the District, there is a new level of engineering and administrative services required for the planned plant upgrades, project

management and coordination, groundwater expertise and also management of utility operations with GSA formation and GSP or groundwater resource management expertise.

Recommendation—Review and consider new professional engineering services geared toward the anticipated management and development of utility services in general and also specifically for groundwater resource management experience and background.

A review of the recently closed engineering bidding process should be completed no later than late December so a determination is known and any termination of existing services, if required, done in accordance with contract terms. The Board will be asked to make a determination of services at that time.

Fire—The services of Fire Chief and Assistant Fire Chief are, as described in this report, the only service agreements in effect for fire department.

As the Board determined by the 3-year agreement for Fire Chief services, staff believes that these services are needed now and in the future. The Assistant Fire Chief (AFC) contract talks have stalled and are yet to be completed on term of agreement and compensation. The AFC provided services include: plan checking of new development plans (often performed in conjunction with utility services plan checking routine), assist with Fire Chief duties as required by Chief and other task assignments as described in this report.

Staff believes the Fire Chief and Assistant Chief positions have been successful in developing and training a community volunteer group of firefighters, who are a tremendous value for fire protection and safety purposes. As part-time positions, there is a need to constantly evaluate and re-evaluate operational needs compared to cost and other factors. These positions should be reviewed and actions determined as may be needed to address any budget expenses, operational needs and firefighting capabilities of the District.

The Board is aware, due to monthly written reports provided by Fire Chief, about the types of fire or emergency response call made, time of day or weekend and numbers of personnel involved with a response. These reports have shown the total number of responses for calendar have remained consistent yearly and is being met by volunteer firefighters.

The Department has, to Fire Chief's credit, provided very effective means of budget revenue enhancements, effective firefighter training at little or no cost to District, developed strong cooperative agreements for aid assistance and represented the District with other firefighting agencies. This is evident by the calls-out for wildland fire assistance that is routinely received by the Department.

The multi-functional duties of Assistant Fire Chief/Utility Supervisor are a hybrid that seems to be a creation, more related to how duties may have been done in early years of the District's formation and funding. Multi-functional duties are not ideal for any size agency, if it can be avoided but is often found in smaller agencies across the state.

It is also appropriate to discuss what direction that the Board wants for the future, or at least a determination of what it is timely for multi-functional duties, i.e. splitting the duties with or without retaining one of the duty functions, or making a commitment to retaining multi-functional duties with some modification.

The current situation of part-time services will not always be possible as the best solution. There is likely to be a need to secure a service level agreement or employee level position as a “needed now” in District operations.

Recommendation—Review and consider alternatives for these services. The Chief’s contract is in its 2nd year of a three-year agreement. If the Board wants to direct that AFC negotiations resume and structured closely to the Fire Chief’s agreement. If there is a determination to take a different approach at this time, then Board should determine its direction to GM for action.

FISCAL IMPACT:

There are potential costs associated with the re-release of RFPs for any determined services, mostly administrative time for preparing and distributing bid opportunity notification. There are no other costs associated with this review of existing service-related contract agreements.

ACTION DISCUSSION:

Staff recommends that the Board discuss the various options as was requested by O & P Committee for Board review and potential action.

PREPARED BY:

Darrell W. Gentry

General Manager



San Miguel Community Services District Board of Directors

Staff Report

November 17, 2016

AGENDA ITEM: XII. 18

SUBJECT: Review and Discuss Proposed District Strategic Financial and Capitalization Policies

STAFF RECOMMENDATION:

Review and Discuss approving **Resolution No 2016-37** adopting District Strategic Financial and Capitalization Policies.

BACKGROUND:

The recent independent audit report cited a need for the District to create and adopt a Capitalization Policy document which would address specific GASB (Governmental Accounting Standards Board) requirements and practices.

The Finance & Budget Committee reviewed the proposed policies as presented with this report at its October 25th meeting. Committee recommended, by unanimous voice vote, that the Board approve and adopt these policies for the reason stated in this report.

Additionally, the Board adopted annual work program specifies the development of strategic financial policies to identify how the District will address capital reserve and replacement funding in the future and how to address maintaining and restore those funds at adequate levels for future priority needs.

The attached draft document, titled "Strategic Financial and Capitalization Policies (SFCP) identifies specific key objectives and mandates specific financial actions, such as building and maintaining reserves, retirement of debt and asset management guidelines and also sets a framework for establishing development mitigation fees, as may be determined as necessary by the Board.

This proposed SFCP also provides specific requirements to address GASB 74 requirements on OPEB (Other Post Employee Benefits) Funding. There are additional policy statements in the proposed SFCP that incorporates other District policy, by reference, or lists current practices, such as monthly financial reporting and compliance with State reporting requirements and deadlines.

These policies will also show how the District is improving its overall financial reporting and audit process in alignment with GASB accounting requirements.

FISCAL IMPACT:

There are no fiscal impacts associated with the adoption of the proposed policies.

ACTION DISCUSSION:

Staff recommends that the Board approve **Resolution No 2016-37** adopting the District Strategic Financial and Capitalization Policies as recommended by the Finance & Budget Committee and as presented in this report.

PREPARED BY:

Darrell W. Gentry

General Manager

- Attachment: a) Proposed Strategic Financial and Capitalization Policies
b) Resolution No 2016-37



SAN MIGUEL COMMUNITY SERVICES DISTRICT

“STRATEGIC FINANCIAL and CAPITALIZATION POLICIES”

Key objectives of these policies are to list practices/concepts that foster, preserve and protect the District’s fiscal stability and sustainability.

The following policies are hereby established by the Board of Directors to:

- (1) provide adequate funding to meet the District's short-term and long-term plans,
- (2) provide funds for unforeseen expenditures related to emergencies such as natural disasters or man-made events,
- (3) strengthen the District’s financial stability against present/future uncertainties such as economic downturns and revenue shortfalls,
- (4) maintain an investment-grade bond rating, and
- (5) meet GASB 34 and 54 requirements.

A. CAPITAL RESERVE/REPLACEMENT FUND

Purpose:

For future replacement of existing facilities, major equipment and depreciable assets as well as handling unanticipated major repairs during an asset's life cycle.

Money placed into Replacement Funds shall be restricted for replacing capital assets and the cost of repairing vulnerable parts of our systems that are costly to replace, and/or could cause the greatest disruption of services.

Target: - Assets over \$5,000 are depreciated on a straight line basis over an estimated useful life of each piece of equipment, vehicle or facility.

The District shall annually contribute into Replacement Funds an amount equal to 100% of the total depreciation of the District's assets belonging to that fund. Funded replacement amounts will be based on depreciation costs from the most recent previous closed fiscal year.

For example: the FY 2016-17 budget amounts will be based from the 2014-15 depreciation schedule costs.

Each Operating Fund shall maintain its own Replacement Fund which will also earn its own share of interest allocation. This will require a re-structuring of the existing bank account for Capital

Reserves. Reserve/Replacement fund levels will be calculated, over any 5-year period, as follows:

Until such time as the Reserve/Replacement Fund balance has reached 65% of the accumulated depreciation for that fund, contributions will be 100% of the prior fiscal year net revenues.

When the fund balance reaches 65% of the accumulated depreciation for that fund then that fund may reduce its contribution to 75%.

When the Reserve/Replacement Fund balance reaches 100% of the accumulated depreciation for that fund then that fund may reduce its contribution to 50%.

When the Fund balance reaches 110% of the accumulated depreciation for that fund then that fund may reduce its contribution to 25%.

When the Fund balance reaches 125% of the accumulated depreciation for that fund then that fund may reduce its contribution to zero.

For example, the Water Department Fund has a 2014-15 Reserve/Replacement Fund balance of \$663,143 in cash and cash equivalents, and accumulated depreciation of \$1,617,434, making the Reserve/Replacement Fund currently funded at 40%.

Since this falls below the 75% target mark, the Water Fund must contribute 100% of its prior FY net revenues to its Reserve/Replacement fund. For the FY 2016-17 budget the funded replacement amount would be based on the 2014-15 Financial Audit accumulated depreciation costs.

EXCEPTION: The Board may approve, at its discretion, a budget that does not fully contribute per the above policies, should the Board find that there is a higher priority need for the funding for specific operating and maintenance needs within one or more given funds in a given fiscal year.

B. CAPITALIZATION POLICY

District assets will be capitalized as follows:

- 1) All land will be capitalized regardless of cost.
- 2) All other assets must cost \$5,000 or more and has a useful life of two or more years.
- 3) The capitalization threshold is applied to individual units of capital assets rather than groups. For example, ten desks purchased for \$1,000 each will not be capitalized even though the total (\$10,000) exceeds the threshold of \$5,000.

Repairs or improvements to existing capital assets will generally not be subject to capitalization unless the repair exceeds \$5,000 and extends the useful life of the asset.

Recommended Asset Life or Lives

The District shall follow GFOA Recommended Practices when establishing recommended lives for capitalized or able to be capitalized assets. If the life of a particular asset is estimated to be different than these guidelines, it may be changed with Board consent.

Summary of the estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	40 Years
Collection Facilities- (wastewater, lines & lift stations)	20-50 Years
Equipment	5-10 Years
Furnishings	10 Years
Land	Not depreciable
Land Improvements	15-40 Years
Office Equipment	5 Years
Transmissions & Distributions (Water lines, pump stations & tanks)	20-50 Years
Vehicles	5-10 Years
Wells	25 Years

Proceeds from assets sold and declared as surplus will be booked into that fund's Replacement Fund. New assets are not eligible for the use of these funds, only replacement assets qualify.

Unless a specific exception is approved by the Board, no more than 50% of the Replacement Fund shall be used in any given year.

EXCEPTION: The Board may approve, at its discretion, a budget that does not fully contribute per the above policies, should the Board find that there is a higher priority need for the funding for specific operating and maintenance needs within one or more given funds in a given fiscal year.

C. CASH RESERVES

Cash Reserves may be used for cash flow purposes, economic uncertainties and financial hardship; Local disaster or catastrophic events; Insuring against significant revenue losses; future capital obligations; Unfunded mandates; and/or to establish or maintain credit worthiness.

District will maintain multiple types of cash reserves to minimize adverse annual budgetary impacts from anticipated and unexpected District expenses. Minimum and Maximum reserve balances will be periodically reviewed by the Board and will be based upon that current fiscal year's expenditures.

1) Operating Reserves

Purpose is to: ensure cash resources are available to fund daily administration operations and maintenance of providing water, waste water, solid waste, street lights, fire protection services and mitigate year-to-year fluctuations in revenues and expenses.

The funds may also be used to offset revenue shortage due to economic hardships, changes in energy cost, prolonged drought conditions and/or unforeseen major expenses as may be determined by the Board of Directors.

Target: District reserves shall be maintained in a liquid account with a 25% balance of that years budgeted expenditures in cash reserves in each operating fund budget. The District is required to have sufficient cash flow liquidity to meet the next six months of budgeted District Expenditures. Cash reserves coupled with available balances in capital and replacement funds will ensure compliance with Government Code 53646b)(3).

2) Debt Service Reserve

Purpose: helps ensure timely loan re-payments can be made even if there is a financial emergency within the District. Money placed in Debt Service Fund shall be restricted for the payment of a bond/loan and interest thereon.

Target: equivalent to 1 year of debt service (USDA loan for reservoir tank). In our case, this reserve should be set at \$67,000 in reserve. The existing bank account will be renamed to fit this purpose and function as a means to track for accountability and auditing.

D DEBT ISSUANCE

This policy establishes parameters for evaluating, issuing and managing the District's debt and may be used as a guideline to promote sound financial management.

The District objective in issuing debt will be to:

- (1) Achieve the lowest cost of capital

- (2) Ensure rate payers equity
- (3) Maintain high credit rating and gain access to credit enhancement
- (4) Preserve financial flexibility.

Prior to the new debt issuance, the District shall hold a public hearing to outline the debt to be financed. This requirement shall not apply to the refinancing of existing debt.

Standards for use of Debt Financing – The District, when appropriate, will use long-term debt financing to:

- achieve an equitable allocation of capital costs/charges between current and future system users;
- provide more manageable rates in the near and medium terms; and
- minimize rate volatility.

Financing Criteria - Each debt issuance should be evaluated on an individual basis within the framework of a District long range financing plan, as well as within the context of the District's overall financing objectives and current market conditions.

Refinancing outstanding Debt - The District shall have the responsibility to evaluate potential refunding opportunities presented by underwriting and/or financial advisory firms. The District follows the GFOA (Government Finance Officers Association) guidelines of 3-5% savings for determining refinancing appropriateness.

Method of issuance - The District will determine on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

E CAPITAL FEES/OBLIGATION FOR NEW DEVELOPMENT

Purpose: to provide funds for orderly and timely expansion of the District facilities to meet future demand and maintain the District's existing level of service. The resources will be spent on projects which expand the District facilities, or for major capital projects.

Target: The District will strive for new development to cover its costs through a mitigation fee program. Capital impact fees/ Connection fees will be evaluated annually and updated as necessary. The District's Master Plans shall be evaluated every 5 years to ensure the mitigation fee programs are designed to fund the necessary projects.

F. BUDGET CONTROLS

The approved annual operating budget is a planning and program execution tool. It consists of Board approved revenue estimates and expenditure recommendations to carry out the mission of the District.

Departmental fund budgets are established in the annual budget and approved by the Board of Directors, and then managed and controlled under the overall supervision of the General Manager. The Board of Directors may transfer funds from reserves or approved budget amendments to departmental funds as deemed appropriate during the fiscal year.

Department heads with General Manager approval may transfer funds between line items within the same fund without approval from the Board as long as the overall funds budget amount does not increase. Any approved transfer of funds between line items will be reported in that month's Monthly Financial Reports.

The budget shall include a long range economic outlook discussion and trends of revenues and expenditures by fund. This fiscal outlook shall include a discussion of any potentially needed revenue rate adjustments by fund.

G RETIREE OPEB (OTHER POST EMPLOYEE BENEFITS) FUND

Purpose: Per GASB 74 the District must report Postemployment Benefits on its financial statements. Currently the District is "pay as you go" meaning it pays retiree health Insurance each month as it is due.

Target: The District shall select an OPEB investment tool by January 2017. The District will continue to pay retiree health insurance as "pay as you go" and continue to invest into an OPEB investment program until such time the account is 100% funded.

The District's OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined every three years. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

As of June 30, 2015 the current OPEB liability, an estimated \$180,000 for the District is distributed as follows:

Water Fund-	\$72,000
Wastewater Fund-	\$72,000
Solid Waste Fund-	\$26,207
Administration Fund-	\$0
Fire Fund-	\$29,700
Lighting Fund-	\$5,400

For example, the Water Fund could contribute: \$7,200 each Fiscal Year for ten (10) years. This example is based off of the 2013-14 actuarial analysis. Every three years when the actuarial is recomputed and completed by CalPERS, this contribution may rise or decrease based on actuarial computations by CalPERS.

The District could determine to fully fund the OPEB liability with an unrestricted fund contribution. The District may, in the alternative, fully contribute that funds for a portion of OPEB liability in the 2017/2018 fiscal year. Thus, future year contributions may not be required. (Future actuarial valuation will determine if future contributions are needed).

For funds that cannot make a full contribution, the annual budget could include OPEB costs following the breakdown listed above.

The Board may approve, at its discretion, a budget that does not fully contribute per the above policies, should the Board find that there is a higher priority need for the funding for specific operating and maintenance needs within one or more given funds or within a given fiscal year.

H. FACILITY RENTAL AND DEVELOPMENT DEPOSITS FUND

A Facility Rental and Developmental Deposit Fund shall be established with monies held on behalf of customers who:

1. rent District buildings,
2. require fire hydrant meter rentals/deposits,
3. are required to install a mainline extensions or post a cash bond(s), if required by District policy or ordinance, for development projects.

As deposits are released, they will be refunded to the customer. Mainline extensions and development projects on a monthly basis will be reconciled to reflect staff time as well as any invoices that have been charged against that particular project. If additional amounts are owed, the development customer will be invoiced. Once a project is finished it will be closed and a final accounting will be completed.

Excess deposit monies will be returned to the development customer. These deposit amounts would be found under the balance sheet section of the Monthly Financial Reports under deposits. These deposit monies are not used for District O & M purposes.

I. COMPONENTS OF FUND BALANCE

The District will report fund balance in accordance with GASB 54. The following five components will be used.

- 1) Non-Spendable Fund Balance-Fund Balance amounts set aside for items that do not represent available, spendable resources such as loan receivables and inventories.
- 2) Restricted Fund Balance- defined as Fund Balance amounts that have external restrictions imposed by creditors, grantors, contributors, laws, regulations or enabling legislation which requires the funds to be used only for specific purposes.
- 3) Committed Fund Balance- defined as Fund Balance amounts having a constraint imposed by formal Board action of the Board: Once adopted, the limitation imposed by the Ordinance/Resolution remains in place until a similar action is taken (the adoption of another ordinance) to remove or reverse the limitation.
- 4) Assigned Fund Balance- defined as Fund Balance amounts that are constrained by the District's intent to be used for a specific purpose but are either restricted or committed.

5) Unassigned Fund Balance- Represents residual amounts that have not been restricted, committed.

J. PURCHASING POLICY

The District has an adopted Purchasing Policy. These policies shall be reviewed no less than every three years. The first 3-year review of existing Purchasing Policy as adopted by the Board will be in 2017.

K. FINANCIAL REPORTING

The following reports are distributed by the General Manager:

- The annual audited financial statements ending June 30th.
- The Monthly Financial Reports-Includes Statement of Operating Cash and Investments, Summary of Reserve and Restricted Capital, Summary of Active Capital Project Budgets and Expenses, Statement of Claims for Payment, Statement of Revenues, Statement of Expenses, Monthly and YTD Budget Report and content of any approved budget amendments submitted and approved by Board action. These reports are submitted for Finance & Budget Committee review at its scheduled monthly meeting after the close of each month and to the Board of Directors each month.
- Monthly Budget to Actual Reports are distributed to operations and maintenance departments.
- District complies with all deadlines for State Controllers Report and State Compensation Reports.



RESOLUTION NO. 2016-37

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN MIGUEL COMMUNITY SERVICES DISTRICT
ADOPTING DISTRICT STRATEGIC FINANCIAL AND CAPITALIZATION
POLICIES**

WHEREAS, the San Miguel Community Services District (“District”) is a community services district duly formed under California Government Code §61000 et. seq. to provide community services within the District’s service area, including water, lighting, solid waste, sewer and fire protection services; and

WHEREAS, the Board of Directors (“Directors”) has determined the importance of establishing key policies related to District fiscal practices that will meet GASB 34 and 54 requirements; strengthen financial conditions against present and future uncertainties, economic downturns and revenue shortfalls; can meet short and long-term plans and adequate funding objectives; and

WHEREAS, the Directors has determined that the formulation of these policies is consistent with the District’s adopted Improvement Plan and establishes policies identified in past financial audits as a deficiency; and

NOW, THEREFORE, BE IT RESOLVED that the Directors of the District hereby approves and adopts the District Strategic Financial and Capitalization Policy which shall be used in annual preparation of fiscal year operational budgets and annual financial audits. These policies and guidelines are set forth in Exhibit “A” attached hereto.

On the motion of Director _____ to approve and adopt the District Strategic Financial and Capitalization Policy, Seconded by Director _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing Resolution is hereby passed and adopted this 17th day of November, 2016.

John Green, Board President
San Miguel Community Services District

ATTEST:

Darrell W. Gentry, General Manager and
Secretary to the Board of Directors

APPROVED AS TO FORM:

Doug White, District General Counsel