



SAN MIGUEL COMMUNITY SERVICES DISTRICT
 BOARD OF DIRECTORS
 July 29, 2016 SPECIAL AND REGULAR MEETING MINUTES
 MEETING HELD AT DISTRICT OFFICES
 1150 MISSION STREET
 SAN MIGUEL, CA 93451

- I.** Meeting Called to Order by President Green—2:05 pm
- II.** Pledge of Allegiance: lead by Director Kalvans
- III.** Roll Call: Directors Present: Buckman, Dawes, Green, Kalvans and Reuck.
 District Staff in attendance: General Manager Gentry, District General Counsel Schweikert, Utility Supervisor Dodds
- IV.** Adoption of Special and Regular Meeting Agendas: Motion by Director Kalvans to adopt Special and Regular Meeting Agendas as presented. Seconded by Director Reuck. Motion was approved by vote of 5 AYES and 0 NOES.
- V.** Public Comment and Communications: None
- VI.** President Green announced that meeting was adjourning to Closed Session at 2:05 pm to consider:
- A.** **1. CONFERENCE WITH GENERAL COUNSEL—Existing Litigation**
 Pursuant to Government Code Section 54956.9 (d) (1)
Case: Steinbeck v. City of Paso Robles, Santa Clara County Superior Court Case No. 1-14-CV-265039 and Case: Eidemiller v. City of Paso Robles, Santa Clara County Superior Court Case No. 1-14-CV-269212
- 2. CONFERENCE WITH GENERAL COUNSEL—Anticipated Litigation**
 Pursuant to Government Code Section 54956.7 (2) (d) (2 cases)
- B. RECONVENE TO OPEN SESSION**
 President Green reconvened meeting to open session at 3:04 pm.
- C. REPORT OUT OF CLOSED SESSION**
 President Green asked District General Counsel to report out of Closed Session. General Counsel stated that there was no reportable action out of Closed Session.

President Green called a short recess at 3:05 pm.

President Green called Regular Board Meeting back to Open Session order at 3:10 pm.

VIII. Public Comment and Communications:

President Green announced now was the time for public comment or requests to speak about any item not on the agenda.

There were no public requests to speak.

IX. Staff & Committee Reports – Receive & File:

President Green called for Staff & Committee 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
There was no report given.
4. San Miguel Area Advisory Council
There was no report given.
5. Camp Roberts—Army National Guard
There was no report given.
6. General Manager Gentry reported that O & P Committee meets on August 19th, Also spoke about the upcoming first day of school sessions that begin August 16 and 17th; the upward trend in more WWTP repairs to pumps, motors and various facility equipment and need to look at future capital expenses and noted that District needs to place an order for the backup server unit to network system which should take 2 weeks to make it available for installation. This was intended to be an advisory to the Board. Also noted that the annual CSDA Conference is scheduled for October and asked if any Board Member is interested in attending to contact staff for arrangements.

Director Kalvans commented about the park expansion project and water line relocation. Utility Supervisor described meeting with Elizabeth Kavanagh from County but there were no specific engineering drawings available. District has received some drawings which show a need to relocate a hydrant and to relocate a line in L Street. There is a preliminary schedule but not an actual construction schedule at this point. Utility service has the ability to use public right-of-way for our lines.

Several Directors commented about the importance of getting County requirements in writing, especially when District lines and facilities are involved.

Need to verify County requirements for utility relocations in writing and staff was requested to follow-up.

7. District General Counsel Schweikert stated there was nothing to report.
8. Utility Supervisor Dodds stated that a written report of monthly activities and projects is included with Board packet.
9. Assistant Fire Chief Dodds stated that a written report of monthly activities and hours are included in Board packet.
10. District Engineer Report by Steve Tanaka is attached. If the Board has any questions then GM will provide follow-up responses. There were no questions.
11. Finance/Budget Committee Chair Dawes reported that Committee met in July and has provided a written report from meeting in this Board packet. He asked if there were any questions. There were no questions.
12. Organization/Personnel Committee Chair Green stated that the Committee's report is attached as a part of Board package and asked if there were any questions. There were no questions.
13. Equipment & Facilities Committee Chair Kalvans reported that the Committee's report is attached as a part of Board packet and asked if there were any questions. There were no questions.
14. Water Resources Advisory Committee Representative Director Kalvans stated that the Committee had reviewed Disadvantaged Communities (DAC) funding and was able to determine a fair pro-rata sharing of available funding. SMCS D is designated for receipt of an estimated \$152,000 in non-competitive funding. This solution, he reported, was the result of Advisory Committee's efforts to come to an agreement without resorting to in-fighting. Formal announcement is likely to take place within next few weeks. He asked if there were any questions. Board Members asked for clarification about any restrictions to this designated funding. Director Kalvans indicated that the funds were intended for planning purposes, such as the WWTP expansion planning or other similar infrastructure projects. There were no further questions.

X. CONSENT ITEMS:

President Green asked if there were any items to be pulled for discussion. If not, he would accept a motion to approve Consent Items as presented.

Director Dawes made a motion to approve the Consent Calendar Items, 15-18, as presented. Seconded by Director Kalvans. Motion was approved by 5-0 voice vote.

XI. BOARD ACTION ITEMS:

19. Review and Discuss New Bids for Purchase of New Copier/Printer replacement and approving **Resolution No. 2016-24.**

GM made a brief introduction of Agenda Item for discussion and provided a brief review of written report in Board packet that evaluated submitted bids by vendors. Staff recommended that the Board approve an award of bid to Chaparral Business Machines as the qualified low bidder. Total bid amount for replacement purchase is \$4,299 with sales tax included. Annual maintenance costs would be \$684. Bids had been based on specifications developed and reviewed with F & B Committee members prior to release for vendors.

Director Kalvans asked who Chaparral Business is. GM asked Don Terhorst from Chaparral Business to step to the podium and respond. Mr. Terhorst identified himself and cited the firm's 40 years of operating in business machine business. He spoke about the specific Samsung unit that is part of his bid package. He indicated that once the machine is set up for network system interface by District's I T person, he would provide staff training. He did indicate that upon delivery, there would be an initial setup and operating training given as well.

There were no further questions. No member of the public asked to speak on this item.

Director Kalvans made a motion to approve Resolution 2016-24 authorizing the purchase of new copier/printer as recommended by staff. Seconded by Director Buckman. Motion was approved by roll call vote of 5-0 Ayes.

20. Review and Discuss **Resolution No. 2016-25 accepting the FY 2014-15 District Financial Audit.**

GM made brief introductory remarks and indicated that a written report is a part of Board packet including the submitted draft audit report. He asked the Board to invite Mr. Crosby, District's financial auditor to make his presentation and report on audit document as presented.

Mr. Crosby introduced himself and provided a brief statement about his past experience as District's former auditor some years ago. He indicated that this go-round, he finding significant progress. He complemented staff to the Board. He spoke about the difficulties and delays, his perspective, in obtaining data from prior auditor, specifically depreciation and fixed assets schedules as well as some County funds on deposit.

He indicated that he is coordinating with Bookkeeper and General Manager on year-end closeout which will need some 21 journal entries manual adjustments to close out properly. He stated that those were provided to GM only today. He also spoke about the Board's frustration with the 2014-15 audit delay and made a commitment to Board that he is prepared to begin the 2015-16 audit work in August.

Director Buckman asked about the problems that he was having in getting the audit done and to expound on his explanation about delays.

There were no other Board or public questions.

Director Kalvans made a motion to continue this item until the August Board meeting. Seconded by Director Buckman. Motion approved by a unanimous voice vote.

21. Review and Discuss approving **Resolution No 2016-22** and adoption of FY 2016-17 Operations & Maintenance Budget and approval of FY 2017-18 Operations & Maintenance Budget for planning purposes.

GM gave a brief review of written report in the Board's packet on revisions made based on workshop inputs by Board and the public. A description of the need for adding a full-time position in Utility Department and a part-time position in Administration. As previously discussed in the April Board Training Workshop, there is a critical need, especially for Utility Department operations, for added personnel to eliminate the potential high risks that could be associated with sewerage spills or permit discharge violations.

GM indicated that a statement of justification for these new positions is included as a separate document with the budget documents.

There was Board Member discussion about the best course of action concerning these requested positions including comments about use of temporary or seasonal personnel, use of shift overlap for weekends, overtime calculation, need to relook at costs changes to Water Department, Lighting Department, and Fire Department fund accounts as noted, discussion about water and wastewater sales projections and how to improve operational needs. Several Directors spoke about GM's statement and assessment of personnel needs. Directors also spoke about how to determine the best course of action to help solve this particular budget request.

President Green asked if anyone wanted to speak to the Board on this item.

Laverne Buckman spoke to the Board in opposition to the proposed personnel positions when the District needs to focus on cutting costs rather than increasing those costs. She also asked the Board to not take any final action this evening and continue until all their questions were answered.

There were further comments or requests to speak.

President Green asked if the Board had any further questions or comments. He voiced his support for not taking any action tonight and questioned the need for added staffing. President Green asked each Director to make comments specific to the staffing request proposed in budget and whether or not they could support full-time versus part-time positions.

Directors Reuck and Buckman expressed their support for positions because the added help is needed but are willing to look at part-time. Director Dawes stated that he is not completely comfortable with full time yet because he is concerned that the budget projections are not yet reflecting the accuracy needed to determine what actions are needed by Board. He is willing to work with GM further on remaining issues to resolve, if the Board supports such action. Board Members stated their support for that approach. Director Dawes indicated that he would contact GM directly. Director Green indicated that asked GM to re-look at Worker's Comp expenses in Fund 30 which is reduced but salary figure is up. Also Fund 20, the projected expenses for uniforms should be looked and revisited. If justified, then add an explanation to notes.

Director Green states that he was in favor of that suggestion and urged that if Director Dawes and GM can resolve and finalize by working together then he is in favor.

Director Dawes also stated that he is also in favor of continuing so that GM can finish incorporating these changes and make adjustments to transfers in projections, specifically for Fund 10. Numbers are not consistent with fund account expenses.

Director Dawes made a motion to continue with direction to make the noted changes and re-look at use of part-time vs full time personnel with evaluation of costs. Seconded by Director Buckman. Roll call vote was taken. Motion was approved by roll call vote of 5 Ayes and 0 Noes.

22. Review and Discuss approving **Resolution No 2016-26** approving 2016-17 District Improvement Plan Goals, setting GM Goals and District Annual Work Program.

General Manager gave a brief introduction of written staff report. President Green asked the Board if they had a chance to read through the document in its entirety. Director Dawes asked for brief discussion of F & B Committee Work Program list, specifically to change tentative schedules for some items listed. He reviewed the changes with Board members. Board concurred to proposed tentative schedules for completing the annual site visit until May 2017, insert tentative schedule for feasibility of rate study to February 2017. Also reviewed progress for property tax disbursement analysis by General Counsel. Karl Schweikert gave a brief update that the District is supposed to receive 1% of 12.88% of property taxes. Although more analysis may disclose some discrepancy, he doubts it.

President Green asked if there were any public comments.

Laverne Buckman made comments supporting use of these work programs but make it measurable.

There were no other Board comments regarding other Committee Work Programs that had been provided.

There were no other public comments or remarks made.

President Green suggested that the Exhibit "A" title be changed to District Goal and Improvement Plan. He asked if Board Members had any opinions about the suggestion. There were no Board comments.

Director Kalvans spoke in favor of the entire package as presented. He made a motion to approve Resolution No 2016-26 adopting the 2016-17 District Annual Goals and Improvement Plan as suggested by President Green. Seconded by Director Buckman. Motion was approved by a 5-0 roll call vote.

XII. BOARD COMMENTS:

President Green asked for Director comments. Director Dawes stated the best time for an F & B Committee meeting is August 10th at 2:30pm as recommended by GM. GM was asked to schedule accordingly.

Directors Buckman, Kalvans and Reuck had no comments.

President Green stated that GM should send out the revised personnel evaluation form that District General Counsel has prepared. This form should be a part of next Board meeting's agenda items. He also spoke about having the Fire Chief provided hours worked for Chief and Assistant Fire Chief on the monthly Fire Chief report to Board. GM asked to be sure that this information is a part of next agenda.

There was additional discussion about setting a special meeting date and time for Budget discussion. Members agreed to August 18th at 6:00pm but keep agenda to only 2 items, a closed session and the FY budget.

Board members also agreed to move the regular board meeting date and time to Friday, August 26th at 1pm to include regular business plus financial audit report.

There were no further Board comments or remarks.

President Green adjourned the meeting at 6:27 pm.

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