



BOARD OF DIRECTORS

Raynette Gregory, President Anthony Kalvans, Vice-President
 Ward Roney, Director Hector Palafox, Director Vacancy

SPECIAL MEETING MINUTES

6:30 P.M. Closed Session 7:00 P.M. Opened Session
SMCSD Boardroom 12-16-2021

I.	Call to Order:	6:30 PM	Video part 1/5 Time: 0:00																																					
III.	Roll Call:	<i>Gregory, Roney, Palafox, Kalvans, Vacancy</i>	ABSENT: <i>One Vacancy</i>																																					
III.	Approval of Special Meeting Agenda:																																							
	Motion by:	Director Gregory																																						
	Second by:	Director Roney																																						
	Motion:	Voice Vote																																						
	<table border="1" style="width:100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width:15%;">Board Members</th> <th style="width:10%;">Ayes</th> <th style="width:10%;">Noes</th> <th style="width:10%;">Abstain</th> <th style="width:10%;">Recuse</th> <th style="width:10%;">Absent</th> </tr> </thead> <tbody> <tr> <td>R. Gregory</td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>A. Kalvans</td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>H. Palafox</td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>W. Roney</td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Vacancy</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Board Members	Ayes	Noes	Abstain	Recuse	Absent	R. Gregory	X					A. Kalvans	X					H. Palafox	X					W. Roney	X					Vacancy					
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	Public Comment for items on closed session agenda:	None																																						

IV.	ADJOURN TO CLOSED SESSION: 6:31 PM		
A.	CLOSED SESSION AGENDA:		
1.	CONFERENCE WITH DISTRICT GENERAL COUNSEL-ANTICIPATED LITIGATION		
	Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:		

V.	Pledge of Allegiance:	<i>Kalvans</i>	Video part 1/5 Time: 0:06
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VI.	Call to Order for Regular Board Meeting/Report out of Closed Session Approximately 7:00 PM		
	Time:	7:01 PM	
	1.	Report out of closed session by District General Counsel (WhiteBrenner, LLP)	
		No Reportable Actions	

VII.	Public Comment and Communications for items not on the Agenda:		Video part 1/5 Time: 00:40
	Owen Davis made comment about certified letter he sent to Director Gregory in October, had complaint that there were no flags up in San Miguel for Veterans Day.		
	Board Response from Director Gregory that investigation was done in regards to certified letter from Mr. Davis and no wrong doing was found by the General Manager, the issue is closed and final.		
	Staff Response to Veterans Day complaint under agenda item IX.3.		

VIII. **Special Presentations/Public Hearings/Other:** Video part 1/5 Time: 04:45

1. Election of Board Officers and Board Appointments for 2022:

A. Nominate and Elect Board of Director Officers:

A.1. President

A.2. Vice- President

Board Clerk Tamara Parent read report as submitted and described the process for nominations.

A.1. President

Board Comment: None

Public Comment: None

Director Kalvans nominated Raynette Gregory for Board President for 2022.

Director Gregory accepted nomination

Motion by: Director Kalvans

Second by: Director Palafox

Motion: To nominate Raynette Gregory for Board President for 2022

Board Members	Ayes	Noes	Abstain	Recuse	Absent
W. Roney	X				
A. Kalvans	X				
H. Palafox	X				
R. Gregory	X				
Vacancy					

4/0/1

A.2. Vice- President

Board Comment: None

Public Comment: None

Director Palafox nominated Anthony Kalvans for Board Vice President for 2022

Director Kalvans accepted nomination.

Motion by: Director Palafox

Second by: Director Gregory

Motion: To nominate Anthony Kalvans for Board Vice President for 2022

Board Members	Ayes	Noes	Abstain	Recuse	Absent
W. Roney	X				
H. Palafox	X				
R. Gregory	X				
A. Kalvans	X				
Vacancy					

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IX. **Staff & Committee Reports - Receive & File:**

Non-District Reports:

1. San Luis Obispo County: Report Attached

Video part 1/5 Time: 07:40

Interim General Manager read aloud report that was submitted by SLO County Sheriff.

Board Comment: None

Public Comment: None

2. Camp Roberts—Army National Guard No Report

Video part 1/5 Time: 10:40

Kiba Baird gave verbal report on the status of Camp Roberts.

Board Comment:

Director Kalvans made comment in support of taking a tour of Camp Roberts, about upcoming developments and discussion ensued.

Director Roney asked question regarding the APS vendors and more discussion ensued.

Public Comment: None

3. Community Service Organizations: No Report

Video part 1/5 Time: 20:40

Assistant Fire Chief Scott Young voiced report on past and upcoming Firefighter Association events, responded to earlier complaint about the flags not being up for Veterans Day because it is done by the Firefighter Association volunteers and he was in Southern California in training at the time, flags are available if there are volunteers who would like to put them up.

Board Comment: None

Public Comment:

Owen Davis made comment about the flags not being up, and how he would like to help if needed

Director Kalvans reported on the Lions Club activities, 41st year that Santa did a visit to all elementary schools, sent close to a thousand individual toys to the kids

Public Comment:

Assistant Fire Chief Scott Young asked if the Lions Club will be barbequing on the 18th and was responded to Yes.

District Staff & Committee Reports:

4. Interim General Manager : Report Attached

Video part 1/6 Time: 26:06

Interim General Manager read report as submitted, reported on the SLO county redistricting process, final map moves San Miguel into District 2 with amendment to keep SMCSO boundaries the same, accounts clerk has been hired full-time, position was advertised and applicants interviewed, totals for ACH bill payment and IVR phone payments update, District financials for July through December submitted for review, 2021 audit is for discussion tonight, bringing purchasing policy for review on agenda, investment policy is on agenda with budget review will be part of annual budget process, BHI update executed contract and will be scheduling interviews with Board Directors, Callie Johnson case has been settled and court ordered restitution for \$36,455.71 and District is filing to place liens on her assets, staff has been working on IT update, cell phone policy revision will be in January meeting, Christmas parade updates.

Board Comment:

Director Kalvans made comment regarding the redistricting map and current lawsuit that is being pushed against the map, possible concerns of proponent trying to represent San Miguel in lawsuit, discussion ensued.

Director Gregory asked if Atascadero will be in District 2, who is in District 3, 4, 5, and more discussion ensued.

Director Gregory asked if there is timeline in which a lien can be placed and Counsel responded the process for filing for the lien and collecting on it and discussion ensued.

Public Comment:

Owen Davis made comment about it being a great idea for board members to speak to the public during the Christmas parade.

Board Response by Director Gregory that they are available after meetings, by phone or email to answer questions

5. District General Counsel: Nothing to Report

Video part 2/5 Time: 16:10

6. Director of Utilities: Report Attached

Video part 2/5 Time: 16:20

Report is submitted as written.

Board Comment:

Director Gregory asked about lighting status for light pole mentioned on page 7

Director of Utilities responded they are working with PG&E, making slow progress to solve the problem and discussion ensued.

Director Gregory asked about the number of past due accounts now and compared to before Covid.

Director of Utilities responded less before Covid due to the ability to enforce shut-offs, the enforcement as of 12-31-2021 and hopes the numbers will continue to drop.

Director Kalvans asked about the amount of service orders and average.

Director of Utilities responded there is not a clear average, mostly move-ins/outs, and meter inspections.

Public Comment: None

7 Fire Chief: Report Attached

Video part 2/5 time: 20:15

Report is submitted as written with notes on San Luis Obispo County Fire Chiefs Association updates.

Board Comment: None

Public Comments for all reports: None

X. **Consent Calendar:**

Video part 2/5 Time: 22:20

1. **Review and Approve Board Meeting Minutes**

A. 10-28-2021 Regular Board Meeting Minutes Draft

2. **Approve RESOLUTION 2021-41 assignment of banking powers for Anthony Kalvans, Hector Palafox, Raynette Gregory, and Ward Roney and removing Ashley Sangster from District Bank accounts.**

Motion by: Director Palafox

Second by: Director Kalvans

Motion: To approve both items as stated in agenda.

Board Members	Ayes	Noes	Abstain	Recuse	Absent
W. Roney	X				
A. Kalvans	X				
H. Palafox	X				
R. Gregory	X				
Vacancy					

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XI. **Board Action Items:**

Video part 2/6 Time: 23:55

1. **Review and approve RESOLUTION 2021-42 approving the FY 2020-21 Independent Audit Report by Moss Levy Hartzheim and authorizing the filing of the report to the State of California and County of San Luis Obispo County Clerk's office (Roberson & Alex Hom)**

Recommendation: Approve RESOLUTION 2021-42 approving the FY 2020-21 independent audit report and authorize the filing of the report to the State of California and County of San Luis Obispo County Clerk's office.

Item was presented by Independent Auditor Alex Hom.

Board Comment:

Director Gregory made comment about the report noting it stated there is no knowledge of fraud or attempts of fraud involving the San Miguel Community Services District.

Independent Auditor Hom confirmed this report and assure the Directors they would be made aware of any fraud. Back and forth discussion ensued.

Board Clerk asked if it could be explained what the auditor comes in and does and how he comes to the findings.

Independent Auditor Hom explained the process of the audit and what they look at.

Director Gregory made comment about the auditor summary and how she believed it would be an important part for the directors to read through.

Independent Auditor Hom noted that the staff was fantastic and supplied everything that was needed. Director Gregory thanked the Financial Officer and Interim General Manager for the work put into audit. Director Kalvans asked if utility pipelines were accounted for on the District balance sheet. Independent Auditor Hom responded that it is on pg.23 and explained value depreciation. More discussion ensued

Public Comment: None

Motion by: Director Gregory

Second by: Director Palafox

Motion: Approve Resolution 2021-42 approving FY 2020-21 Independent Audit Report

Board Members	Ayes	Noes	Abstain	Recuse	Absent
A. Kalvans	X				
H. Palafox	X				
W. Roney	X				
R. Gregory	X				
Vacancy					

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Video part: 3/5 Time: 03:15

2. **Review and approve Letter of Intent with ForeFront Power in connection with proposed development, installation, and operation of a Photovoltaic Energy System at the Machado Wastewater Treatment Facility. (Dodds)**

Recommendation: Approve Letter of Intent and authorize Director of Utilities to sign Letter of Intent.

Director of Utilities read report as submitted with note there were minor changes made to Letter of Intent in redline. Counsel made statement about working closely with the Director of Utilities Kelly Dodds to write the Letter of Intent and about the process of working with CEQA, this letter will serve as the intent of the parties.

Board Comment:

Director Gregory asked if the CEQA report is done, timeline on the letter.

Director of Utilities responded CEQA has been done for about a month but the federal side needs to be aligned, confusion is on behalf of securing permits from the County, timeline on letter is 120 days, and discussion ensued.

Public Comment: None

Motion by: Director Gregory

Second by: Director Roney

Motion: Approve Letter of Intent with ForeFront power

Board Members	Ayes	Noes	Abstain	Recuse	Absent
A. Kalvans	X				
W. Roney	X				
H. Palafox	X				
R. Gregory	X				
Vacancy					

4/0/1

Video part: 3/5 Time: 13:00

3. **Review and approve contract by RESOLUTION 2021-43 with Scott Young as Assistant Fire Chief/Fire Prevention Officer (Roberson/Dervin)**

Recommendation: Review and approve the Employment Agreements appointing Scott Young as the Assistant Fire Chief / Fire Prevention Officer for another three-year term.

Fire Chief Rob Roberson read report as submitted about renewing existing contract for the position with only two changes made regarding the uniform allowance and phone stipend.

Board Comment: None

Public Comment:

Owen Davis made comment about the current contract expiration date and the process was explained by Staff.

Motion by: Director Gregory

Second by: Director Kalvans

Motion: Approve Resolution 2021-43 with Scott Young as Assistant Fire Chief/Fire Prevention Officer.

Board Members	Ayes	Noes	Abstain	Recuse	Absent
A. Kalvans	X				
H. Palafox	X				
W. Roney	X				
R. Gregory	X				
Vacancy					

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Video part: 3/5 Time: 16:42

4. **Review, discuss and receive the Enumeration of Financial Reports for November 2021 (Hido)**

- A. Claims Detail Report
- B. Statement of Revenue Budget vs Actuals
- C. Rev Budget vs Actual Summary
- D. Statement of Expenditures Budget vs Actual
- E. Cash Report
- F. Investment Portfolio

Report is as submitted with note that the CPA also comes in and checks financials quarterly, investment portfolio report will be regular part of financial report both monthly and quarterly, there has been one informed change to legal bill, July through December reports will be brought to January meeting to be received and filed.

Board Comment:

Director Gregory asked question about name of fund 20 - 60 and was responded to with what each fund is, found the summary very helpful, and asked about the negative number on the strike team payroll.

Interim General Manager responded the process for OES items and how they are reimbursed.

Public Comment: None

Discussion Item Only

Video part: 3/5 Time: 21:30

5. **Review and approve RESOLUTION 2021-44 adopting the Amended District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual**

Recommendation: Approve Resolution 2021-44 adopting the amended District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual

Interim General Manager Rob Roberson discussed the restriction of the purchasing process and the requirement to create resolutions to put in the agenda because the Director of Utilities has a large project that would either need another meeting strictly for the items to go over their financials or if the purchasing policy is revised it will provide leniency, and discussed the overload on the agendas.

Director of Utilities Kelly Dodds further discussed the changes requested to the general accounting purchasing policy standards to be in line more with the state purchasing policies, there is more accountability in this proposed policy, discussed the financial limitation and the process that will ensue following the sewer project, will facilitate making purchases for approved projects with approved budget funds from the board.

Board Comment:

Director Palafox made comment about the wait for the next monthly meeting making it hard to advance projects.

Director Gregory agreed with the Director's comment

Interim General Manager responded about the amount of staff time and cost it takes to get everything together and the difficulty of contracting with people while waiting for special meetings.

Public Comment:

Owen Davis made comment about any purchase over \$5,000 should go through the board and there should be a special meeting for any purchase.

Board Comment:

Director Kalvans noted that there are budget policies in place and the District is on track with their budget, there is a budget to review the finances, and there is a mechanism in board bylaws

Director Gregory affirmed Director Kalvans statement and expressed that \$5,000 doesn't equate the same amount as it used to taking into account current inflation.

Director Roney made comment that they are trying to move forward into the modern era following the same processes of many government entities that have these policies as well, expressed his faith in the Utility Director Kelly Dodds ability to make decisions on behalf of the board, the delays are costing the District more money.

Director Kalvans made comment that if anything comes up it will be in the reports and they will be able to address it, make comments, and make other changes, this policy has been reviewed many times

Director Roney made further comment that this doesn't mean they aren't interested in or available for special meetings but there is a need to follow the other entities and streamline some of these processes.

Motion by: Director Roney

Second by: Director Gregory

Motion: Approve Resolution 2021-44 adopting Amended District Purchasing Policies.

Board Members	Ayes	Noes	Abstain	Recuse	Absent
W. Roney	X				
A. Kalvans	X				
H. Palafox	X				
R. Gregory	X				
Vacancy					

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Video part: 4/5 Time: 02:05

6. **Review and approve RESOLUTION 2021-45 adopting the Annual FY 21-22 Investment Policy to ensure compliance with the State Government Code 53646 (Roberson/Parent)**

Recommendation: Approve Resolution 2021-45 adopting the annual Investment Policy to ensure compliance with the State Government Code 53646.

Interim General Manager introduced item as stated in report.

Financial Officer Michelle Hido stated report as submitted adding the policies have been updated and reviewed by legal to ensure compliance with State Government Code.

Board Clerk Tamara Parent added that this report usually comes out during the budget and will happen annually from now on.

Board Comment: None

Public Comment: None

Motion by: Director Palafox

Second by: Director Gregory

Motion: Approve Resolution 2021-45 adopting the Annual FY21-22 Investment Policy

Board Members	Ayes	Noes	Abstain	Recuse	Absent
H. Palafox	X				
A. Kalvans	X				
W. Roney	X				
R. Gregory	X				
Vacancy					

4/0/1

Video part: 4/5 Time: 4:20

7. **Review and approve RESOLUTION 2021-46 authorizing the Director of Utilities to execute a contract with CIO Solutions to serve as Managed Service Provider (MSP) for the District’s Information Technology systems. (Dodds)**

Recommendation: Approve Resolution 2021-46 authorizing the Director of Utilities to execute a contract with CIO Solutions to serve as Managed Service Provider (MSP) for the District’s Information Technology systems.

Director of Utilities Kelly Dodds gave report as submitted.

Board Comment:

Director Palafox asked question about the extra benefits of the new provider.

Director of Utilities responded that the last operator was an owner operator, not always able to provide timely service, ongoing operations were not being done, overall needs will be increasing and CIO Solutions is a larger company with more people to meet the increasing need

Director Gregory asked where the company is located and what servers they are backing up.

Director of Utilities responded that the closest office is in San Luis Obispo, they would back up the servers.

Interim General Manager clarified that CIO Solutions includes project pay in their estimate whereas the current IT's contract looked less because it did not account for project pay.

Director of Utilities further added that it is all technologies across the three sites that is included in the maintenance and current provider does take care of call-outs as per his fee but anytime there is a change it costs extra. Further discussion ensued.

Board Clerk Tamara Parent made comment that herself and Fire Prevention Officer Scott Young are supposed to be able to work remote but their computers haven't been able to remote connect to the servers for several months.

Director of Utilities stated the larger company will have more of a consistent program and will be able to facilitate quicker.

Director Gregory asked if CIO Solutions has any other government contracts.

Director of Utilities responded that they contract currently with Cambria and Templeton C.S.D and other hospital and larger governmental agencies.

Financial Officer made statement that they will bring us up to PII and PCI compliance that is mandatory for cyber insurance.

Public Comment: None
Motion by: Director Gregory
Second by: Director Roney
Motion: Approve Resolution 2021- 46 to execute a contract with CIO Solutions

Board Members	Ayes	Noes	Abstain	Recuse	Absent
H. Palafox	X				
A. Kalvans	X				
W. Roney	X				
R. Gregory	X				
Vacancy					

4/0/1

Video part: 4/5 Time: 16:30

8. **Continued discussion on the Fire Department Temporary Housing unit (Young)**

Recommendation: Discuss the status and next steps for the Fire Department Temporary Housing unit
 Fire Prevention Officer/Assistant Fire Chief Scott Young read report as submitted.

Board Comment:

Director Gregory asked for clarificaiton about the company that will supply the mobile home units and if they will be doing the grading and everything else, the direction of project, and time table.
 Fire Prevention Officer responded yes and that the company has contractors and subcontractors that they work with, as well as a permit expediter, asking the District for the Fire Dept. to act as general contractor and fragment the project out, doesn't see project taking up that much time, and discussion ensued.
 Director Gregory stated it is probably best way to go during this time.
 Fire Prevention Officer responded California Mobile Homes is a reputable company but the representative didn't feel that she could get information to us in a timely manner.

Public Comment: None
Consensus is to move forward with plan.

Discussion Item Only

Video part: 4/5 Time: 23:30

9. **Discussion on status of Machado Wastewater Treatment Facility expansion and aeration upgrade project (Dodds)**

Recommendation: Discuss the status and next steps of the Machado Wastewater Treatment Facility expansion and aeration upgrade projects.

Director of Utilities Kelly Dodds read report as submitted.

Board Comment: None

Public Comment: None

Discussion Item Only

Video part: 4/5 Time: 26:15

10. **Discuss, review and approve RESOLUTION 2021-47 establishing calendar year 2022 Regular Board of Director Meeting Dates (Parent)**

Recommendation: Discuss and Approve Resolution 2021-47

Board Clerk Tamara Parent read report as submitted and clarified the future board meeting dates are in Exhibit A.

Board Comment:

Director Kalvans asked questions regarding the regular meeting dates and grammatical error on Resolution.

Board Clerk clarified the dates.

Public Comment:

Owen Davis made comment about the Special Meeting and it's date not on the paper.

Director Roney responded to comment about the Special Meeting.

Motion by: Director Palafox

Second by: Director Kalvans

Motion: Approve Resolution 2021- 47 Amended Establishing Regular Meeting Dates

Board Members	Ayes	Noes	Abstain	Recuse	Absent
A. Kalvans	X				
W. Roney	X				
H. Palafox	X				
R. Gregory	X				
Vacancy					

4/0/1

XII. BOARD COMMENT:

Video part 4/5 Time: 30:40

Director Roney asked the District to explore possibility of looking for other legal representation.

Director Gregory agreed to make that a discussion item.

Director Kalvans stated his openness to a discussion as well.

Consensus of 3 to bring discussion item to agenda

Director Kalvans asked if any other Directors would like to make comment on the District reboundarying.

Director Roney would like to let it ride out.

Director Gregory asked about reviewing what is on the next meeting and discussion ensued.

Board Clerk stated that the next meeting on January 6th- the Special Meeting, the next Regular is on the 27th

Director Gregory asked about the strategic planning.

Interim General Manager stated the Directors will be getting calls from BHI to discuss their point of view, get input, and give them information on the process and discussion ensued.

Director Gregory asked about scenario for January 6th meeting if only one person applies.

Board Clerk stated the process in which the interview and appointment process will work.

XIII. ADJOURNMENT TO NEXT REGULAR MEETING

9:13 PM