

SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
FEBRUARY 22, 2018 REGULAR MEETING MINUTES

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

- I. Meeting Called to Order by President Green – 6:00 p.m.
- II. Pledge of Allegiance lead by Director Parent.
- III. **Roll Call:** Directors Present: Green, Parent, Buckman, Kalvans (10 min late), Sangster.

District Staff in attendance: Rob Roberson, Tamara Parent, Kelly Dodds, Paola Freeman and District General Counsel White, Seikaly and Schweikert

- IV. **Adoption of Special Meeting Agenda:**
Motion by Director Buckman to adopt Regular Meeting Agenda.

Seconded by Director Sangster Motion was approved by vote of 4 AYES and 0 NOES and 1 ABSENT

- V. **ADJOURN TO CLOSED SESSION:**
Closed Session convened at 6:04 p.m.

A. CLOSED SESSION AGENDA:

- 1. **CONFERENCE WITH DISTRICT 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. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Pursuant to Government Code section 54957(b)(1)
Title: General Counsel (Summary will be emailed to ChurchwellWhite)
- 3. **PUBLIC EMPLOYEE APPOINTMENT**
Pursuant to Government Code section 54957(b)(1) Title: General Manager
- 4. **CONFERENCE WITH DISTRICT GENERAL COUNSEL-ANTICIPATED LITIGATION**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:(1 case)

5. CONFERENCE WITH LABOR NEGOTIATORS (Pursuant to Government Code Section 54954.5(f) and Government Code Section 54957.6)

District Representatives: District General Counsel, Director Kalvans, and Director Green.
Unrepresented Bargaining Units: Non-Management Non-Confidential Unit and Non-Management Confidential Unit

VI. Call to Order for Regular Board Meeting/Report out of Closed Session: 7:00 P.M.
Report out of Closed Session by District General Counsel: Nothing to report.

VII. Public Comment and Communications for matters not on the Agenda:
No public comment.

VIII. Special Presentations/Public Hearings/Other: None

IX. STAFF & COMMITTEE REPORTS:

1. **San Luis Obispo County Sheriff:** Commander K.Scott provided an update on SLO County Sherriff response to calls within the District. 205 calls for service last month.
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 (LTC Kevin Bender) No Report
6. **Interim General Manager:** Interim General Manager/Fire Chief Rob Roberson, gave a verbal report updating the Board of Directors on projects that the District Bookkeeper has been working on including information that the Directors had asked for explaining that the two CD's the District has currently one with Allied Bank for 70k matures on 2/19 at a rate of 1.45% fixed and the other is with Goldman Sack 65k that matures on 2/20 at a rate of 1.7% fixed. The Directors asked District Staff to consider Golden One Credit Union and SESLOC, staff made contact and it was explained that they do not work with public agencies because they are a non-profit with members. Interim General Manager/Fire Chief Rob Roberson also informed the Board that he would like to close Robobank that was opened as a Capital Projects Account and move it back to Pacific Premier. He also had an update on SDRMA notification that due to the catastrophic California Fires in 2017 there will be a 6% rate increase for property general liability and auto insurance. Rob Roberson informed the Directors that most of the riverbed by 15th and Rio Vista has been cleaned up. Chief Roberson, thanked the Fire Prevention Officer Jason Taylor, Fire Captain Kevin Byrne, Firefighter Ward Roney, Firefighter Nathan Taylor, San Miguel C.S.D employee's Kelly Dodds, Phil Tuson, Mike Sobotka, San Miguel Garbage, and County Board Supervisor John Peschong for all their support and help with the Riverbed Clean-up.
Board Comments: Director Green and Kalvans asked about using the Vehicle replacement account money to pay part of the recently purchased Fire and Utilities Vehicles. Staff explained that we are in an Audit reconciliation and can't move anything yet. Discussion ensued.
Public Comments: None
7. **District General Counsel:** Presented by Counsel White. ChurchwellWhite, LLC. has nothing new to report.

Board Comments: None

Public Comments: None

8. **District Engineer:** Written report submitted as is. Blaine Reely asked for any questions.
Board Comments: Director Buckman asked if Blaine would be interested in helping with the Steinbeck water litigation? Blaine Reely, District Engineer, explained that he could take a look.
Public Comments: None
9. **Director of Utilities: Board Comments:** Written report submitted as is, and also updated the Directors that the Well Pump at Well #3 is being put in today and will be up and running very soon.
Board Comment: Director Parent asked about the Aerator replacement at the sewer treatment facility, and was informed that Director of Utilities Kelly Dodds has a meeting scheduled with PG&E and the energy watch in the next few weeks and it is still in process. Director Kalvans asked Director of Utilities Kelly Dodds why he did not have a section in his report about solid waste, and will direct his question about solid waste in board comment. Director Kalvans also asked about the street light that is out on 11th & N, and asked why that had not been taken care of. Director of Utilities Kelly Dodds explained that he has been in contact with PG&E and apparently the light is not on anyone's bill therefor will need to be, to get fixed and he is working with PG&E to get this light on the Districts bill. Question about other locations for new streetlight was asked and is still in the works, and it was explained that Mr. Dodds is working in it but has a large work load.
 Director Green asked about SLOCOG, and Board Clerk explained that she had sent out an email and is waiting back.
Public Comments: None
10. **Fire Chief:** Fire Chief Rob Roberson, updates the Directors by pointing out that the Fire Department responded to 32 calls in January. Camp Roberts has 18k troops and expects the calls to stay up. Newly purchased SCBA have been fitted and tested, and will be put into service soon.
Board Comments: None
Public Comment: None

X. CONSENT ITEMS:

Motion by Director Parent to approve all consent items.

Seconded by Director Kalvans. Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT.

XI. BOARD ACTION ITEMS:

1. **Review, Discuss, Receive and File the Enumeration of Financial Report for January 2018.**
 Item presented by Interim General Manager Rob Roberson and Bookkeeper Paola Freeman, explaining that this item is in the action items for discussion. District Bookkeeper Paola Freeman, updated the Directors that she is working with the IRS and they are working on getting the 15k back, and will update the Directors when that comes in. Bookkeeper

Paola asked the Directors if they had noticed the increase in expense last month, explaining that the emergency fixes are very expensive.

Board Comments: Director Parent asked about the percentage and some are up over 100% and would like explanation on how to read the expenditures report and what the asterisks mean on the expense report. Bookkeeper, Paola Freeman explained that the key is on the top of the first page and the asterisks mean that the line item is over budget for that Fiscal Year. Discussion ensued about Administration fund and fazing it out.

Public Comments: None

Motion by Director Kalvans to Receive and File the Enumeration of Financial Report for December 2017

Seconded by Director Parent. Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT.

2. Review and consideration of Resolution 2018-11 establishing the dates to sell “Safe and Sane” fireworks, and the application period for the 2018 calendar year.

Item presented by Interim General Manager/Fire Chief Rob Roberson, explaining that Fireworks can be sold from noon June 29, 2018 through midnight July 4, 2018.

Board Comment: None

Public Comment: None

Motion by Director Sangster to approve Resolution 2018-11 establishing the dates to sell “Safe and Sane” fireworks, and the application period for the 2018 calendar year.

Seconded by Director Parent. Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT.

3. Discussion and consideration adopting Resolution No 2018-10 establishing the calendar year 2018 fireworks fees.

Item presented by Interim General Manager/Fire Chief Rob Roberson explaining that staff is recommending keeping fees at \$100.0 per day of allowable sales. A \$600.00 non-refundable permit fee to cover District costs for enforcing and administering the provisions of District Ordinance No. 2013-01. A \$500.00 clean-up fee which may be refunded in whole or in part if the sale location and public areas where fireworks are used that are free of used and spent fireworks and related materials by July 5th, as determined by Fire Chief.

Board Comment: None

Public Comments: None

Motion by Director Sangster to approve Resolution No 2018-10 establishing the calendar year 2018 fireworks fees.

Seconded by Director Buckman. Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT.

- 4. Review and approve Resolution 2018-12 authorizing the Fire Chief to purchase a high-pressure pump system from Micro Droplet Systems for Engine 8668 at a cost not to exceed \$9,950.00 and authorize a budget adjustment from Fire Capital Reserve to 20-460 Fire Equipment in the same amount**

Item presented by Fire chief Rob Roberson, explaining that the Fire Department is looking to improve our ability to respond to and suppress fires with E8668. This will increase the fire suppression ability 7 to 10 times greater than the system can currently do. With the high-pressure system, approximately 1/10 of the water is used to accomplish the same amount of suppression. This makes the unit far more effective in any type of fire attack situation by increasing the suppression capabilities.

Board Comment: Director Sangster, asked if this equipment would require more training? Chief Roberson explained that there will be a little bit of a learning curve to get the correct flow. Director Sangster asked what application this equipment can be used, and it was explained that it can be used in all application and has a foam application. Fire Chief Rob Roberson explained that they are very impressed with this equipment for the amount of water that it uses. Director Sangster asked if the equipment would be permanently attached to this rig and it was explained that 8668 will have all the same equipment and this new equipment will just be added and only uses 1/10th of the water.

Public Comments: None

Motion by Director Buckman to Approve Resolution 2018-12 authorizing the Fire Chief to purchase a high-pressure pump system from Micro Droplet Systems for Engine 8668 at a cost not to exceed \$9,950.00 and authorize a budget adjustment from Fire Capital Reserve to 20-460 Fire Equipment in the same amount

Seconded by Director Parent. Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT.

- 5. Review and approve Resolution 2018-04 amending Interim General Manager Temporary Employment Agreement between the San Miguel Community Service District and Robert Roberson.**

Item presented by President Green, explaining that the discussion was in closed session.

Board Comment: None

Public Comment: None

Motion by Director Sangster to Approve Resolution 2018-04 amending Interim General Manager Temporary Employment Agreement between the San Miguel Community Service District and Robert Roberson.

Seconded by Director Kalvans. Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT.

6. Review and Discuss rate study summary material as provided by Bartle Wells by the Director of Utilities and District Engineer.

Item was presented by Director of Utilities Kelly Dodds, updating the Directors on how Bartle Wells was calculating the new water & wastewater rates. Mr. Dodds explained each slide and asked for questions.

PowerPoint: [https://www.sanmiguelcsd.org Rate Study Power Point 2-22-2018](https://www.sanmiguelcsd.org/Rate%20Study%20Power%20Point%202-22-2018)

Board Comment: Director Sangster asked about budget and if this number was only operations. Mr. Dodds explained that Budget was only operations and tank debit service, and there will be a \$336k deficit next fiscal year.

Director Parent asked about Administration shown on the charts. Director of Utilities Kelly Dodds, explained that Administration on the charts is made up of mostly Attorney fees about 2/3rds. Example given is the Steinbeck lawsuit, explaining that over 100k is having to be budgeted for the next year, and that it attributed to the water fund. Discussion ensued about why the water fund was the only fund being charged for the lawsuit. Director Green and Director Kalvans explained that they had given previous management direction to split it between all CSD funds because it was protecting the whole district. Director of Utilities Kelly Dodds, explained that it is for water rights and should only be attributed to the water fund

Director Kalvans, asked about the repay to the connection fee fund, and how many years this would be spread out. Mr. Dodds explained that the Rate Study was good for five years, and if money was borrowed from other funds the District would have to pay back that fund with interest.

Director Parent asked about treatment in the water fund and what the District would be treating. District Engineer Blaine Reely, explained that it would be radio nuclei (pCi/L), and we are right at the threshold MCL, and we could either go over and have to start treating or the state mandate could go down slightly and we would have to start treating.

Director Green voiced that he thought that was a big assumption that we would have to treat. District Engineer Blaine Reely, explained that the District must look forward and be prepared, and if we don't plan for it the District will be stuck. Director of Utilities Kelly Dodds, reminds the Board of Directors that this is a 5-year rate study and District staff has identified the need for prudential projects within the district and these projects are more reasonable probable to happen then not. Discussion ensued about how the Prop 218 works and that the rates proposed are the maximum.

Director Green asked if there are "toys" worked into these numbers and it was explained that these Capital Projects are based on the Water and Wastewater Master plans that were passed in November 2017, Resolution number 2017-48. The Operation Budget is as minimal as it can get, and doesn't include vehicle or any equipment.

Counsel Schweikert, explained that what the District is attempting to do with the Prop 218 is what the maximum the District would be able to charge, and if the District finds out that

it doesn't need some of these projects, then the District at any time has the option to reduce the rates. With that said if the District wants to raise the rates above what the District gets approved through the Prop 218 process, cannot be done without another 218 Vote.

Director Kalvans asked what percentage of fire utility would be paid for out of the fire fund? Regarding the hydrants, the water system is the water system and the fire has privileges to use the hydrant.

Director Green asked if the Fire Fund is a source of revenue if it come to it? Director of Utilities Kelly Dodds, explained that it would have to be Board action. Counsel Schweikert explains that the Fire would need water to fight fires and the District would have to be able to provide that water, so the District could use fire funds for that it came down to it.

Director Kalvans asked about different pressure zones within the District, and asked if that is something the District should do? It was advised that it could be looked into.

Director Green asked what area Director Kalvans was speaking of? Mr. Dodds explained that it would be the San Lawrence Terrace, and would be a special rate to boost the pressure on the Terrace, but with not very many houses over there and it would be extremely costly.

Director Kalvans asked about the water treatment for the water system and would like a refresher on how much it would have cost to tie into the Nacimiento water project? Director of Utilities Kelly Dodds, explained that he did not recall the exact cost but at this point you would have to buy it from another agency and would have to bring the pipe from Wellsona to San Miguel. District Engineer Blaine Reely, informed the board that the Nacimiento water would have to be treated to more of an extent than well water because it is surface water. Discussion ensued.

Director of Utilities Kelly Dodds informed the Board that the San Lawrence Terrace tank needs to be replace. The access road to the Reservoir Tank needs to be replaced also, because of how old it is.

Discussion ensued about increasing the Connection fees, and having this help offset some of the cost.

Director of Utilities Kelly Dodds, explained to the Board of Directors that only one water line in the District has been replace ever, and that was the waterline running through the park; because we had to. Also, the broken waterline over on the Terrace that had to have an emergency repair is in the process of being replaced.

Director Green asked about the higher and lower capacity rates. Director of Utilities Kelly Dodds explained that it is talking about the Water & Sewer Connection Fees.

Discussion ensued about the Wastewater masterplan and the fees for sewer service.

The Districts Wastewater facility is in need of an expansion. Mr. Dodds again explained that the Administration fund is for legal, accountant and is over 100k that needs to be budgeted and then when over all the Capital projects on the list asking for questions along the way.

Dates need to be set for public outreach and a notice needs to be sent to all property owners.

Public Comment: None

XII. BOARD COMMENT:

Director Kalvans voiced that when doing the comparisons for the water and wastewater study and talking about the poverty level of this community, he noticed that the two communities with a similar poverty rate were not listed on these reports. Shandon and Oceano. Director Kalvans had asked if he was correct that Mr. Dodds was proposing FY 18-19 maximum 175% and raising connection fee. Director Kalvans, was reminded that it is not Mr. Dodds proposing these rates it is the consultant that San Miguel hired for 70k, Bartle Wells.

Director Buckman, asked where did Bartle Wells get their information when our accounting is still not right? Director of Utilities Kelly Dodds, explained that Bartle Wells got the information from accrual billing information, audits and approved budgets to gauge our operational cost, and the actual money spent on operations.

Director Kalvans, asked if there are any programs to help people in extreme poverty, and remembers hearing about a place where they took the late fees and used that in a program to help offset cost for those in extreme poverty. Counsel Schweiker, explained that there is no subsidy that you can give to the poor for the cost of water and sewer, and this is something that does come up with the Prop 218.

Director of Utilities Kelly Dodds, asked to get the consensus of the board to bring back the accrual rates next month to the board and ask for consideration to start the Prop 218 process.

Director Green asked then what was just presented? Director of Utilities Kelly Dodds, explained that the presentation was an average increase, and he would be bringing back a rate schedule.

Director Green voiced that he would like to have a special meeting. Director Kalvans agreed.

March 8th, 2018 was discussed and set.

Director Kalvans asked that it be at the regular time.

Director Green asked that staff present two public outreach meeting before May 2018

Director Parent asked that the District involve the Consultants and hear what they feel the public outreach should be since the District paid for their input. Agreed to have two public outreach meetings.

Director Green voiced that the Board had voted on the expense of the Steinbeck lawsuit be a share expense and understands that has been diverted from and he would like to know when that shared expense was stopped, and who made that decision, and how much is owed back to the water department.

Director Kalvans asked about 6% increase for catastrophic fire in California. Mr. Roberson explained that he was reporting on the CSD and SDRMA but, most everyone will see an increase.

Director Kalvans asked about lowering ISO rating for the fire department. Interim general manager explained that it was done two years ago and should be relooked at in a couple years. Discussion ensued about what makes for ISO ratings.

Director Kalvans would like to have an “adopt a street program” to recognize people for cleaning up the community. Interim General Manager/Fire Chief reminded board that Earthshine was here a few weeks ago. Consensus was agreed that this would be a benefit to the community and recognizing the volunteers that clean up.

XIII. ADJOURNMENT: 9:25 P.M. next board meeting set as Special Meeting for *3-8-2018 to discuss Rate Study. **this date was changed to 3-9-2018 at 6 P.M.*