



Agenda

San Miguel Community Services District

BOARD OF DIRECTORS

Anthony Kalvans, President
John Green, Director

Gib Buckman, Director

Larry Reuck, Vice President
Joe Parent, Director

FRIDAY, JUNE 9, 2017
10:30 A.M.

AMENDED BOARD OF DIRECTORS SPECIAL 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 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: 10:30 AM

II. Pledge of Allegiance:

III. Roll Call:

IV. Adoption Special Meeting Agenda

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. 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. CONFERENCE WITH DISTRICT GENERAL COUNSEL—Anticipated Litigation**
Pursuant to Government Code Section 54956.9(d)(2) (5 cases)
- 3. CONFERENCE WITH LABOR AGREEMENT NEGOTIATORS**
Pursuant to Government Code Section 54957.6
Agency Designated Representatives: District General Counsel, President Kalvans and Director Green
Employee Organization: San Luis Obispo County Employees Association
Title: Memorandum of Understanding Negotiations with the Association
- 4. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**
Pursuant to Government Code section 54954.5.
- 5. PUBLIC EMPLOYMENT**
Pursuant to Government Code Section 54957.6.
Title: Interim General Manager
- 6. PUBLIC EMPLOYMENT**
Pursuant to Government Code Section 54957.6.
Title: Board Clerk
- 7. PUBLIC EMPLOYMENT**
Pursuant to Government Code Section 54957.6.
Title: Utility Manager

B. RECONVENE TO OPEN SESSION

C. REPORT OUT OF CLOSED SESSION

- 1. Report out of Closed Session by District General Counsel

VII. Call to Order for Open Board Meeting (estimated to be 12:30 pm)

VIII. Public Comment and Communications:

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.

IX. Staff & Committee Reports – Receive & File: None

District Staff & Committee Reports:

- 1. **Bookkeeper** (Ms. Freeman) **Verbal**

X. 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.

- 1. [Review and Ratify the Interim General Manager Agreement.](#)

XI. BOARD ACTION ITEMS:

- 1. [Review and Approve Resolution No. 2017-___ Authorizing the General Manager’s Procurement Authority for the Purchase of Goods and Services Up To \\$25,000 in a Fiscal Year.](#)

STAFF RECOMMENDATION:

Staff recommends that the Board approve Resolution No. 2017-___ authorizing the General Manager’s procurement authority for the purchase of goods and services up to \$25,000 in a fiscal year.

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

M_____ S_____ V_____

- 2. [Review and Discuss the proposed San Miguel Utility Billing, Late Fee, Appeal, and Collections Policy.](#)

STAFF RECOMMENDATION:

Staff recommends review and discussion of the proposed utility billing, late fee, appeal, and collections policy.

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

M _____ S _____ V _____

- 3. Review and Approve Resolution 2017-__ to Dissolve the Groundwater Sustainability Advisory Committee.

STAFF RECOMMENDATION:

Staff recommends that the Board approve Resolution 2017-__ dissolving the Groundwater Sustainability Advisory Committee.

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

M _____ S _____ V _____

XII. 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.

XIII. ADJOURNMENT

Time: _____

ATTEST:

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

I, Tamara Parent, Account Clerk of San Miguel Community Services District, hereby certify that I caused the posting of this agenda at the SMCSO office on June 8, 2017.

Date: June 8, 2017

Tamara Parent, Account Clerk II/Operations Coordinator



San Miguel Community Services District

Board of Directors Staff Report

June 9, 2017

AGENDA ITEM: X.1.

SUBJECT: General Manager Temporary Employment Agreement between the San Miguel Community Service District and Robert Roberson.

STAFF RECOMMENDATION:

By minute action, ratify the General Manager Temporary Employment Agreement between the San Miguel Community Service District and Robert Roberson.

BACKGROUND:

Pursuant to Government Code section 61050, the San Miguel Community Services District (“District”) Board of Directors (“Board”) is authorized to appoint a General Manager to serve as the administrative head of the District’s government under the direction and control of the Board. The District’s General Manager position has been vacant since May 17, 2017. The District has an immediate need for an employee to temporarily perform Interim General Manager services while the District recruits for a permanent replacement.

DISCUSSION:

At the May 25, 2017, Special Board meeting, the District Board authorized the Acting General Manager to enter into an agreement for Interim General Manager services with a qualified individual. Consequently, the Acting General Manager has negotiated a temporary employment agreement (the “Employment Agreement”) with Robert Roberson (“Roberson”) to serve as the Interim General Manager. The Employment Agreement will become effective June 10, 2017, following ratification by the Board.

Roberson currently serves as the District’s Fire Chief and will perform the duties of Interim General Manager in addition to his existing duties. Roberson has extensive knowledge of the District and its internal procedures by virtue of his service as Fire Chief. As such, Roberson is the best candidate to provide interim General Manager services while the District actively recruits a permanent replacement.

Under state law, the General Manager is responsible for (a) implementing policies established by the Board for the operation of the District; (b) appointing, supervising, and disciplining District

employees, consistent with the employee relations system established by the Board; (c) supervising District facilities and services; and (d) supervising District finances. As Interim General Manager, Roberson will be required to carry out these directives under the direction of the Board and in accordance with the terms of the Employment Agreement.

Under the terms of the Employment Agreement, Roberson will receive separate compensation for Interim General Manager and Fire Chief services performed for the District. He will continue to receive compensation under his Employment Service Agreement as Fire Chief. For his service as Interim General Manager, the District shall pay Roberson Twenty-Two Thousand Four Hundred Thirty-Three Dollars and Forty Cents (\$22,433.40) per annum for the 2016-2017 fiscal year (July 1, 2016, to June 30, 2017), and Twenty-Three Thousand One Hundred Six Dollars and Forty Cents (\$23,106.40) for the 2017-2018 fiscal year (July 1, 2017, to June 30, 2018). The salary contemplated in the Employment Agreement is the same amount Roberson receives as Fire Chief. The compensation provided under the Employment Agreement is the total amount for performing the duties of Interim General Manager and does not provide for retirement or employment benefits.

FISCAL IMPACT:

The appointment of Roberson as Interim General Manager will result in a moderate amount of savings in the current fiscal year, as the District will not compensate Roberson the full salary allocated in the 2016-2017 budget for the General Manager position.

STAFF RECOMMENDATION:

Staff recommends that the Board ratify, by minute action, the Employment Agreement between the District and Roberson.

PREPARED BY:

Douglas L. White, Acting General Manager

**SAN MIGUEL COMMUNITY SERVICES DISTRICT
TEMPORARY EMPLOYMENT AGREEMENT**

This Temporary Employment Agreement (“Agreement”), is made and entered into this 10th day of June, 2017 (“Effective Date”), by and between the San Miguel Community Services District, a California political subdivision (“District”), and Robert Roberson, an individual (“Employee”). District and Employee may individually be referred to herein as “Party” or collectively as “Parties”. There are no other parties to this Agreement.

RECITALS

A. Pursuant to Government Code section 61050, the District’s Board of Directors (the “Board”) is authorized to appoint a general manager (“General Manager”) to be the administrative head of the District’s government under the direction and control of the Board.

B. The District has an immediate need for an employee to temporarily perform the position of General Manager during the recruitment period.

C. The Board has evaluated Employee’s knowledge, experience, administrative skills, and abilities, as evidenced in his professional background and during Employee’s current employment as the District’s Fire Chief for the San Miguel Fire Department, and has determined that Employee is qualified to fill the position of Interim General Manager.

D. The Parties desire to execute this Agreement pursuant to the authority of Government Code section 61050 and subject to the provisions of Government Code section 53260 *et seq.* to appoint Employee as the Interim General Manager until a permanent appointment for the position is found.

NOW, THEREFORE, in consideration of the promises and covenants set forth below, the Parties agree as follows:

Section 1. Recitals. The recitals set forth above (“Recitals”) are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Section 1 through 35 of this Agreement, Sections 1 through 35 shall prevail.

Section 2. Appointment of Interim General Manager. The Board hereby appoints Employee to the position of Interim General Manager, in and for the District to perform the function and duties of the General Manager as specified in Government Code section 61051, and Employee accepts such appointment and employment pursuant to the terms of this Agreement.

Section 3. Term. The term of this Agreement shall commence on the Effective Date and shall continue until District hires a permanent General Manager or until the Agreement is terminated by one or both of the Parties (“Term”).

Section 4. Duties. Employee shall serve as District’s Interim General Manager, shall perform the functions of the General Manager position in accordance with Government Code section 61051 and the Interim General Manager duties set forth herein as **Exhibit A**, and shall be subject to the policies, restrictions, and directions provided by the Board from time-to-time and subject to the consent of the Board. The District specifically reserves management and control of all aspects of the District and its business. Employee acknowledges that the position of Interim General Manager is a position of high visibility to the public. Employee shall conduct himself before the public, both during and outside of regular work hours, in a manner that reflects favorably upon the District.

Section 5. Fire Chief Responsibilities. The Parties agree that during the Term of this Agreement, Employee shall continue to carry out the duties and responsibilities assigned to him as Fire Chief for the District, as set forth in the Employment Service Agreement (the “Fire Chief Agreement”) attached herein as **Exhibit B**. Employee shall receive separate compensation for Interim General Manager and Fire Chief services performed for the District pursuant to Section 11 of this Agreement during the Term. Upon termination of this Agreement, the Parties agree that Employee may return to his position of Fire Chief, and shall receive compensation in accordance with the Fire Chief Agreement.

Section 6. Other Employment. Employee may undertake outside activities for compensation, provided such activities do not interfere with Employee’s duties and responsibilities specified herein and do not create a conflict of interest with said duties. Employee’s employment outside of the District must conform with applicable District conflict of interest policies in effect at the time of execution of the Agreement, which may be amended from time to time. Employee is presently employed as a full time Fire Captain for State Department of Corrections. This employment is expressly authorized by the Board of the District.

Section 7. Exempt Position. The position of Interim General Manager is an exempt position for purposes of the Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.). The general business hours for District employees are Monday through Friday, 8:30 a.m. to 4:30 p.m. Employee’s typical working hours will be during regular business hours, plus additional hours, as needed, to attend Board meetings and other District business. However, it is recognized by the Parties that Employee’s hours may exceed forty (40) hours of work per week. As such, Employee shall not receive overtime or extra compensation for hours worked outside of general business hours, which are necessary to fulfill the duties of the Interim General Manager position. The Parties acknowledge that Employee, due to his other employment, will be unavailable on Mondays and alternating Tuesdays of each month, and other days as may be necessary to effectuate the employment authorized in Section 6 of this Agreement.

Section 8. At-Will Employment. Employee is an “at will” employee serving at the pleasure of the Board, as provided in Government Code section 61050, subdivision (d). Accordingly, the Board of Directors may terminate Employee’s employment at any time, with or without cause.

Section 9. No Property Right in Employment. Employee understands and agrees that the terms of his employment are governed only by this Agreement and that no right of employment for any specific term is created by this Agreement. Employee further understands that he acquires no property interest in his employment by virtue of this Agreement and that he is not entitled to an administrative hearing or other due process for any disciplinary actions, including termination, by the District.

Section 10. No Membership in Bargaining Unit. Employee understands that he is not a member of any bargaining unit and is not covered by the terms of any Memorandum of Understanding with any represented or unrepresented group of District employees.

Section 11. Compensation for Interim General Manager Services. During the Term of this Agreement, Employee shall continue receiving compensation for his service as Fire Chief, as set forth in the Fire Chief Agreement, and shall receive separate compensation for his service as Interim General Manager, as set forth in this Section 11. For his service as Interim General Manager, the District shall pay Employee the sum of Twenty-Two Thousand Four Hundred Thirty-Three Dollars and Forty Cents (\$22,433.40) per annum for the 2016-2017 fiscal year (July 1, 2016, to June 30, 2017), and Twenty-Three Thousand One Hundred and Six Dollars and Forty Cents (\$23,106.40) for the 2017-2018 fiscal year (July 1, 2017, to June 30, 2018). Payments will be made on regularly scheduled payroll dates, and shall be subject to all applicable payroll and withholdings. Such compensation shall be the only compensation the District pays and the Employee receives for Employee’s Interim General Manager services under this Agreement.

Section 12. Benefits and Other Compensation. Employee agrees that he shall not receive retirement or other benefits from the District, including medical or healthcare benefits, holiday pay, compensatory time-off, or vacation time, except as otherwise provided for in this Agreement.

Section 13. General Business Expenses. Employee shall be reimbursed for all sums necessarily incurred by Employee in the performance of his duties as Interim General Manager or incurred while traveling on business pertaining to the District, under the direction of the Board. Reimbursement shall only be made, however, when an itemized claim, setting forth the sums expended and for which reimbursement is requested has been presented by Employee to District and approved by the Board of Directors.

Section 14. Resignation and Termination. Nothing in this Agreement shall prevent, limit or otherwise interfere with Employee's right to resign at any time from his position as Interim General Manager of the District. Employee may terminate this Agreement by submitting written notice of his resignation to the District. Employee shall give the District thirty (30) days' prior written notice of his intention to resign.

Employee serves at the pleasure of the District and nothing herein shall be taken to prevent, limit, or otherwise interfere with the District's right to terminate the services of Employee at any time, with or without cause, and with or without prior notice. This Agreement is the sole and exclusive basis for an employment relationship between Employee and the District. In the event the District terminates Employee's employment for any reason, Employee shall not receive any severance payment.

Section 15. Indemnification. The District shall defend, hold harmless, and indemnify Employee against any tort, personnel, civil rights, or professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties as General Manager in accordance with California's Tort Claims Act (Government Code Section 825 *et seq.*), and shall provide a defense to Employee in accordance with Government Code Sections 995-996.5. The District may decline to defend or indemnify Employee only as permitted by the Government Code. The District may compromise and settle any such claim or suit and pay the amount of any resulting settlement or judgment. Provided, however, that the District's duty to defend and indemnify shall be contingent upon Employee's good faith cooperation with such defense. In the event the District provides funds for legal criminal defense pursuant to this Section, Employee shall reimburse the District for such legal criminal defense funds if Employee is convicted of a crime involving an abuse of office or position, as provided by Government Code Sections 53243-53243.4.

Section 16. Bonding. The District shall bear the full cost of any fidelity or other bonds required of Employee under any law or ordinance.

Section 17. Notices. Any notice or communication required hereunder between the District and Employee must be in writing, and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice or communication shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If

given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to District: San Miguel Community Services District
155 Mission Street
San Miguel, California 93451
Attention: President of the Board of Directors
Tel: (805) 467-3388
Fax: (805) 467-9212

With courtesy copies to: Churchwell White LLP
1414 K Street, 3rd Floor
Sacramento, California 95814
Attention: Douglas L. White, Esq.
Tel: (916) 468-0950
Fax: (916) 468-0951

If to Employee: Robert Roberson

Section 18. Integrated Agreement. This Agreement, with the Fire Chief Agreement, contains all of the agreements of the Parties relating to Employee’s employment with the District, and all previous understandings, negotiations and agreements are integrated into the Agreement.

Section 19. Modification. No alteration, amendment, modification, or termination of this Agreement shall be valid unless made in writing and executed by all of the Parties to this Agreement.

Section 20. Waiver. No covenant, term, or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

Section 21. Assignment. No Party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempt or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

Section 22. Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by the state or federal law in order to enter into the Agreement have been fully complied with. Further, by entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

Section 23. Drafting and Ambiguities. Each Party acknowledges that it has reviewed this Agreement with its own legal counsel, and based upon the advice of that counsel, freely entered into this Agreement. Each Party has participated fully in the review and revision of this Agreement. Any rule of construction that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

Section 24. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of California.

Section 25. Venue. Venue for all legal proceedings shall be in the Superior Court of California in and for the County of San Luis Obispo.

Section 26. Severability. If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, which becomes effective after the Effective Date of this Agreement, the remaining provisions shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement.

Section 27. Counterparts. This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

Section 28. Entire Agreement. This Agreement, together with its specific references, attachments and exhibits, constitutes the entire agreement of the Parties with respect to the subject matters hereof, and supersedes any and all prior negotiations, understanding and agreements with respect hereto, whether oral or written.

Section 29. Supersedes Prior Agreement. It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, or representations whether written, electronic or oral, between the Parties with respect to the subject matter of this Agreement.

Section 30. Mandatory and Permissive. “Shall” and “will” and “agrees” are mandatory. “May” and “can” are permissive.

Section 31. Successors and Assigns. All representations, covenants, and warranties specifically set forth in this Agreement, by or on behalf of, or for the benefit of, any or all of the Parties hereto, shall be binding upon and inure to the benefit of such Party, its successors, and assigns.

Section 32. Headings. Headings used in this Agreement are for reference purposes only and shall not be considered in construing this Agreement.

Section 33. Attorney’s Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

Section 34. Necessary Acts and Further Assurances. The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

Section 35. Time is of the Essence. Time is of the essence in this Agreement for each covenant and term of a condition herein.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, this Agreement has been entered into by and between District and Professional as of the Effective Date.

DISTRICT:

San Miguel Community Services District, a California political subdivision

By: _____
Douglas L. White, Acting General Manager

Date Signed: _____

Approved as to Form:

By: _____
Douglas L. White, General Counsel

Attest:

By: _____
Anthony Kalvans, Board President

PROFESSIONAL:

Robert Roberson, an individual

By: _____

Date Signed: _____

EXHIBIT A

SCOPE OF WORK

- Implement Board policies, and develop District operating procedures;
- Define and administer District organizational structure, divisions, and assignment functions (staffing); lines of authority to execute District vision, mission and purpose and established by the Board, including business (administrative), scientific-technical, operational, public education and information, and maintenance functions;
- Administer the annual budget with the assistance of outside consultants, including analysis and justification for budgeted revenue and expenses;
- Prescribe and implements general rules, regulations, safety, and administrative policies;
- Recommend salary structure and working conditions, and maintain employee relations program;
- Develop and implements a formal program with written procedures for review and evaluation of subordinate employee work performance;
- Confer with general counsel and secure legal assistance as needed;
- Develop and oversee a system of planning, directing, and conducting training programs for District personnel;
- Design, develop, implement, and direct a program to recruit, select, and assign subordinate staff employees;
- Oversee all purchases for the District;
- Keeps informed of local, regional, state or federal legislation that may have an impact on district functions;
- Serve as an interagency spokesperson and representative for the District at meetings with various associated agencies, civic groups, and political entities;
- Participate actively in the programs of professional societies and associations affiliated with special district matters; and
- Performs other related work as required.

EXHIBIT B

EXHIBIT "A"

EMPLOYMENT SERVICE AGREEMENT

FOR POSITION OF DISTRICT FIRE CHIEF

This Agreement is made and entered into this 24th day of September, 2015, by and between the San Miguel Community Services District (hereinafter referred to as "**DISTRICT**"), a political subdivision of the State of California, and Rob Roberson, an individual (hereinafter referred to as "**EMPLOYEE**").

WITNESSETH:

WHEREAS, the District desires to employ EMPLOYEE for the position of District Fire Chief as described more particularly in the job description attached hereto as Exhibit "A"; and

WHEREAS, EMPLOYEE desires to accept employment as District Fire Chief based on the terms and conditions set forth in and incorporated as a part of this Agreement. EMPLOYEE represents that his professional experience and present position as Fire Captain for State Department of Corrections and Rehabilitation are suitable for the needs and requirements of the District Fire Chief position.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, both parties agree as follows:

1. District Fire Chief Duties and Responsibilities

EMPLOYEE agrees to perform the functions and duties of the position of District Fire Chief, and any additional administrative and professional management duties as may be assigned from time to time as listed in Exhibit "A".

2. TERM OF AGREEMENT

This Agreement shall commence as of the date of approval by the District's Board of Directors. The District Board of Directors authorizes the General Manager and Board President to execute this Agreement, which shall remain in full force and effect for a period of three (3) years unless, sooner terminated as provided for herein.

3. TERMINATION

A. DISTRICT may terminate this Agreement without cause, for any reason or for no reason, on thirty (30) days prior written notice to EMPLOYEE. DISTRICT may terminate this Agreement without prior notice for good cause. For purposes of this Agreement, "good cause" shall include, but not limited to any of the following:

1. A material breach of the terms and conditions of this Agreement;

2. Misfeasance;
3. Malfeasance;
4. A failure to perform duties specified herein in a professional and responsible manner consistent with District Personnel Policies and Practices and generally accepted standards of the fire protection profession; and
5. Conduct of Employee that may or is likely to bring discredit or embarrassment to District.

B. In the event that the EMPLOYEE voluntarily resigns from the position of District Fire Chief with the District, EMPLOYEE shall give DISTRICT ninety (90) days' prior written notice, unless both parties agree otherwise.

4. SALARY AND COMPENSATION SCHEDULE

DISTRICT agrees to compensate EMPLOYEE for agreed-to professional services based on the following:

1. Satisfactory annual performance evaluations by General Manager.
2. Satisfactory annual physical examination in accordance with requirements of Section 8 herein
3. EMPLOYEE shall submit a time card each month specifying the weekly hours incurred and duties performed monthly in performance of the duties and responsibilities of part-time Fire Chief. EMPLOYEE's detailed time card also must be submitted for each monthly pay period and signed by General Manager.
4. A satisfactory fitness for duty report is filed.

For FY 2015-16, beginning July 1, 2015 and ending June 30, 2016, the DISTRICT agrees to compensate EMPLOYEE at a yearly rate of \$21,780.00 for work performed on behalf of the DISTRICT and/or performed at the District Fire Station, including but not limited to: representing the DISTRICT at other public meetings, attendance at District Board of Director monthly meetings, Regular or Special, as may be assigned by Board of Directors and/or General Manager.

For FY 2016-17, beginning July 1, 2016 and ending June 30, 2017, the DISTRICT agrees to compensate EMPLOYEE at a yearly rate of \$22,433.40 for work performed on behalf of the DISTRICT and/or at the District Fire Station, including but not limited to: representing the DISTRICT at other public meetings, attendance at District Board of Director monthly meetings, Regular or Special, as may be assigned by Board of Directors and/or General Manager.

For FY 2017-18, beginning July 1, 2017 and ending June 30, 2018, the DISTRICT agrees to compensate EMPLOYEE at a yearly rate of \$23,106.40 for work performed on behalf of the DISTRICT and/or at the District Fire Station, including but not limited to: representing the DISTRICT at other public meetings, attending Board of Director monthly meetings, Regular or Special, as may be assigned by Board of Directors and/or General Manager

5. BENEFITS AND OTHER COMPENSATION

DISTRICT shall provide firefighting gear and equipment. DISTRICT also agrees to provide Employee with an additional annual allowance for in station uniforms in an amount up to \$250.00. This allowance is intended for in station uniform purchase. EMPLOYEE must submit receipt(s) for uniform purchases in order to receive reimbursement for in station uniforms. EMPLOYEE shall accrue sick leave in accordance with California law. EMPLOYEE agrees he shall not receive retirement or benefits from the DISTRICT, nor medical or healthcare benefits, holiday pay, compensatory time off or vacation time.

6. OTHER EMPLOYMENT

EMPLOYEE may undertake outside activities for compensation; provided such activities do not interfere with EMPLOYEE's duties and responsibilities specified herein and do not create a conflict of interest with said duties and conforms with applicable District conflict of interest policies in effect at the time of Agreement execution and may be amended from time to time . EMPLOYEE is presently employed as a full time Fire Captain for State Department of Corrections

7. PERFORMANCE REVIEW

EMPLOYEE shall be evaluated annually prior to July 1st of each year covered by this Agreement and must receive a satisfactory or better performance rating in order to continue employment with the District.

8. PHYSICAL EXAMINATION

EMPLOYEE shall comply with the District's Drug and Alcohol Abuse policies and procedures as set forth in District Ordinance 2015-01 and in effect at the time of Agreement execution and may be amended from time to time. Failure to adhere to these Ordinance requirements may be considered a material breach of this Agreement and cause for termination under the provisions of Section 3 herein.

EMPLOYEE may receive an annual physical examination at District's expense or provide a copy of an annual physical exam performed by or for another employer. Refusal to submit for an annual physical examination may be considered a material breach of this Agreement.

EMPLOYEE shall comply with the applicable District's Illness & Injury Prevention Policies in effect at the time of Agreement execution and which may be amended from time to time.

9. USE OF DISTRICT FIRE VEHICLE

District shall provide EMPLOYEE with a District vehicle for use and work performance as District Fire Chief. District may, at its sole discretion, withdraw providing a District vehicle for EMPLOYEE's use. EMPLOYEE shall provide proof of insurance coverage, pursuant to California law, annually to the District. Both parties agree to comply with applicable District's Vehicle & Equipment Replacement Policies and Procedures in effect at the time of Agreement execution and may be amended from time to time.

10. EXPENSE REIMBURSEMENT

EMPLOYEE is entitled to reimbursement for incurred expenses as may occur from time to time in the performance of the duties and responsibilities of District Fire Chief. EMPLOYEE shall comply with District's Purchasing Policies and Procedures in effect at the time of Agreement execution and may be amended from time to time for any requested expense reimbursement.

11. COMPLIANCE WITH LAWS, REGULATIONS AND POLICIES

EMPLOYEE shall comply with all local, State and Federal rules, regulations and policies related to or pertinent to this Agreement. EMPLOYEE acknowledges and understands that compliance with District Personnel Policies and Procedures, in effect at the time of Agreement execution and may be amended from time to time, required for the performance of duties and responsibilities of District Fire Chief.

12. GENERAL PROVISIONS AND SEVERABILITY

The text herein shall constitute the entire agreement between the parties. Any amendments must be in writing and executed by both parties. If any provision, or any portion thereof, contained herein is held unconstitutional, invalid or unenforceable, the remainder of this Agreement or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect. The laws of the State of California shall govern this Agreement.

IN WITNESS WHEREOF, EMPLOYEE and DISTRICT have signed and executed this Agreement, both in duplicate, the day and year first above written.

FOR SAN MIGUEL COMMUNITY SERVICES DISTRICT

FOR EMPLOYEE

By: _____

By: _____

Larry Reuck, President
Board of Directors

Rob Robertson

Approved as to Form:

Doug White,
District General Counsel



San Miguel Community Services District

Board of Directors Staff Report

June 9, 2017

AGENDA ITEM: XI.1

SUBJECT: Review and Approve Resolution No. 2017-___ Adopting the Amended District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual.

STAFF RECOMMENDATION:

Staff recommends that the Board approve Resolution No. 2017-___ adopting the amended District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual.

DISCUSSION:

The San Miguel Community Services District (“District”) adopted the District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual (“Manual”) in January of 2015.

Current Procurement Authority

The Manual currently authorizes the General Manager to enter agreements on behalf of the District for the purchase of goods and services up to Ten Thousand Dollars (\$10,000), without concurrence from the Board of Directors (“Board”) or the Finance and Budgeting Committee. Agreements for goods and services with a fiscal impact between Ten Thousand Dollars (\$10,000) and Fifteen Thousand Dollars (\$15,000) are subject to concurrence by the Finance and Budgeting Committee prior to committing to the purchase. Purchases in excess of Fifteen Thousand Dollars (\$15,000) are subject to concurrence by the Board prior to committing to the purchase.

Manual Amendments

The revised Manual enables the General Manager to enter into agreements for goods and services with an annual fiscal impact of up to Twenty Five Thousand Dollars (\$25,000) without concurrence from the Board or the Finance and Budgeting Committee. Purchases in excess of Twenty Five Thousand Dollars (\$25,000) are subject to concurrence by the Board prior to committing to the purchase.

The amendments clarify that the fiscal impact limitations apply on a per fiscal year basis and are not based on the total amount of a given agreement. The revisions also clarify that the Manual, as it is applicable to the General Manager, applies to an interim or acting General Manager.

FISCAL IMPACT:

The Manual revisions will not have a significant fiscal impact because it simply increases the General Manager's procurement authority and the procedures for entering agreements with a fiscal impact between Ten Thousand Dollars (\$10,000) and Twenty Five Thousand Dollars (\$25,000).

STAFF RECOMMENDATION:

Staff recommends that the Board adopt Resolution No. 2017-__ adopting the amended District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual.

PREPARED BY:

Douglas L. White, Acting General Manager

RESOLUTION NO. 2017-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MIGUEL COMMUNITY SERVICES DISTRICT AMENDING DISTRICT PURCHASING POLICIES, PROCEDURES AND REGULATIONS GOVERNING CONTRACT AND PROFESSIONAL SERVICES BIDDING PROCEDURES, PURCHASES OF MATERIALS, SUPPLIES AND EQUIPMENT MANUAL.

WHEREAS, the San Miguel Community Services District (“District”) District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual (“Manual”) authorizes the General Manager to enter agreements on behalf of the District for the purchase of goods and services up to Fifteen Thousand Dollars (\$15,000), subject to the conditions established in the Manual; and

WHEREAS, the Board of Directors (“Board”) seeks to revise the Manual by increasing the purchasing authority of the General Manager to Twenty Five Thousand Dollars (\$25,000) per agreement per fiscal year without concurrence from the Board or Finance and Budgeting Committee; and

WHEREAS, the Board seeks to clarify that the Manual, as it is applicable to the General Manager, applies to an interim or acting General Manager; and

WHEREAS, the Board seeks to clarify that the fiscal limitations imposed on the General Manager’s procurement authority apply on a per fiscal year basis and are not based on the total amount of the contract; and

WHEREAS, the Board adopts the revised Manual making the aforementioned revisions and clarifications.

NOW THEREFORE, BE IT RESOLVED, the Board does, hereby, adopt the revised District Purchasing Policies, Procedures, and Regulations Governing Contract and Professional Services Bidding Procedures, Purchases of Materials, Supplies and Equipment Manual attached hereto as Exhibit A.

On the motion of Director _____, 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 9th day of June, 2017.

Anthony Kalvans, Board President

ATTEST:

Douglas L. White, District General Counsel

EXHIBIT A



Approved January 22, 2015

(Revised June 9, 2017)

SAN MIGUEL COMMUNITY SERVICE DISTRICT

DISTRICT PURCHASING POLICIES, PROCEDURES AND REGULATIONS GOVERNING CONTRACT AND PROFESSIONAL SERVICES BIDDING PROCEDURES, PURCHASES OF MATERIALS, SUPPLIES AND EQUIPMENT

PURPOSE: To assure that the fiscal resources of San Miguel Community Services District (“District”) are utilized in the most effective and efficient manner, all purchases shall adhere to established procedures (attached herewith) and shall conform to State of California laws and regulations pertaining to local agency purchasing policies, procedures and practices. The District purchasing procedures and practices shall conform to these provisions, and also to any adopted District Fiscal Policy and regulations, existing or amended.

To implement and carry out these Purchasing Policies, Procedures and Regulations, the District shall give special consideration in the following circumstances:

Local Vendor Preference

It shall be the policy of the District to give local vendors preference given that quality, prior performance, availability of service and parts, delivery schedule and price are equal. In matters of price, the local vendor shall be given full credit for local sales taxes, shipping/freight fees and any other fees or charges that might be applicable had the purchase been made from a non-local vendor.

Cooperative Purchasing

It shall be the policy of the District to encourage and participate, whenever possible, in cooperative purchasing endeavors with other public agencies to receive benefits of lower pricing due to the quantities of materials, supplies, equipment or services which would not otherwise be available to the District as a sole purchaser.

Limited Availability

Occasionally, required materials, supplies, equipment or services are of a proprietary nature, or are otherwise of such specific design or construction, as to be only available from one source. After receiving evidence that reasonable efforts have been made to find alternative vendors, the Manager may waive the minimum requirement for quotes, bids or proposals.

Emergency Conditions

An emergency is hereby defined as a breakdown in machinery or equipment resulting in the interruption of an essential service, or a distinct threat to public health, safety or welfare. In such cases, the Manager may waive formal purchasing requirements, but reasonable efforts shall still be made to locate the lowest cost giving due consideration to quality, prior performance, availability of service and parts and delivery schedule.

Other Agency Procurement Contracts

Minimum purchasing requirements are waived when the District elects to participate in a purchase contract of another public agency wherein they undertook a competitive bidding or purchasing process that is similar to the District's. The other public agency purchasing process must have occurred within the last twelve months in order to qualify the District's participation, unless their purchasing contract was clearly multi-year in nature.

Internal Controls

An integral component of any policy that endeavors to maximize the use of limited fiscal resources is internal controls. Accordingly, purchasing procedures shall also contain provisions relating to access and use of District gasoline credit cards, merchant cards and travel & educational expenditures.

(continued on next page)

PURCHASING POLICIES, PROCEDURES AND PAYMENT PROCEDURES MANUAL

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PURCHASING POLICIES, PROCEDURES AND PAYMENT MANUAL

In order to carry out the purchasing policy of the District, the purchase of supplies, services, equipment or public works projects shall adhere to the procedures as set forth in this manual. This purchasing and payment procedures manual has been drafted to provide consistency with adopted District Fiscal and Financial Policies.

The District's purchasing authority is the District General Manager or his/her designated representative. All references in this manual to the District's purchasing authority shall automatically mean [the individual acting in the capacity of](#) District General Manager ("Manager") and include "or his/her designee." [The fiscal limitations and thresholds contained in this manual apply on a per fiscal year basis.](#) -

Section 1.0 PURCHASES LESS THAN \$5,000

Provided that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the Manager or his/her designee may purchase supplies and services up to \$4,999.99 without approval from the Board of Directors or issuance of a purchase order except as follows:

- a) All computers must be purchased with prior approval of Manager. There must be a budget appropriation for both the computer and its annual replacement cost.
- b) All software regardless of cost must be approved by the Manager.

Preference to local vendors shall be encouraged given that quality, service and price are similar.

Section 2.0 PURCHASES GREATER THAN \$5,000 BUT LESS THAN \$10,000

Provided that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the Manager or Board of Directors, a department head or supervisor may purchase supplies and services over \$5,000 subject to purchase order approval from the Manager.

The purchase order must be prepared and approved prior to the purchase commitment.

The Manager must endeavor to solicit three quotations. Quotations should be attached or noted on the face of the purchase order. Preference to local vendors shall be encouraged given that quality, service and price are similar.

Section 3.0 PURCHASES GREATER THAN \$10,001

Provided that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the Manager or Board of Directors, a Department Head or Supervisor may purchase supplies and services over \$10,001 subject to purchase order approval from the Manager. The purchase order must be prepared and approved prior to the purchase commitment.

The Manager must solicit competitive bids prior to preparation and issuance of a purchase order. Bid results should be attached or noted on face of the purchase order. Preference to local vendors shall be encouraged given that quality, service and price are similar.

Section 4.0 PURCHASE ORDERS

Purchase orders shall be issued for acquisitions of supplies, equipment, and services (including professional), ~~and/or public works projects~~ wherein the estimated total purchase is expected to exceed \$5,000.

Purchase orders should be issued for the estimated total amount, even when individual, repeat acquisitions are less than \$5,000. Examples include the transport of sewer sludge wherein any individual transport is less than \$5,000 but the estimated total annual cost exceeds \$5,000. Another example might be the purchase of chlorine.

Subject to the requirements and limits set forth in this manual, the Manager may approve a purchase order for up to ~~\$14,999~~ 25,000 without Board of Directors concurrence.

~~Any purchase orders of \$10,000 to \$15,000 shall require Finance & Budget Committee concurrence prior to any purchase commitment.~~

Any purchase orders greater than ~~\$125,000~~ 25,000 or more shall require Board of Director concurrence.

Purchase orders may have multiple budgetary account numbers and may include multiple departments.

The issuance of purchase orders shall be made prior to any purchase commitment to the vendor pursuant to the following procedures:

1. The department shall complete a purchase order form providing all of the required data in the spaces provided. [For example: Each purchase order issued shall be numbered sequentially with three components, X-XX-XXX, wherein the first component consists of the second digit of the fiscal year (i.e. "3" being the current fiscal year 2014-15 or that fiscal year ending June 30th of the calendar year); the second component consists of two alpha digits representing the department; and third component consists of three numerical digits representing the sequence number (to be assigned)].
2. Upon completion of the purchase order, the purchase order shall be signed by the Manager. Upon approval or denial, the purchase order is sent to the initiating department. If approved, the purchase order shall be distributed as follows:

a) Copy to Vendor

- b) Copy to District Bookkeeper (authorizing payment copy)
- c) Original to Issuing Department"

Section 5.0 QUOTATIONS AND BIDS (non-professional)

Department Head or Manager may exercise their own discretion with regard to vendor choice for purchases of less than \$5,000.

For purchases greater than \$5,000 but less than \$10,000, Department Head or Manager shall endeavor to solicit quotations from three vendors. The purchase order or an attachment to the purchase order should note the vendors contacted and the amount of their quote.

For purchases greater than \$10,000, the Manager shall solicit competitive bids wherein a legal notice shall be published in an officially designated newspaper and/or in trade journals or association bidding websites that maintain or publish public agency competitive bids. The bid(s) shall be submitted directly to the Manager, who shall hold said bid(s) until the advertised date and time of opening.

For purchases greater than ~~\$10,000~~ \$25,000.00, the lowest, responsive bid shall be awarded by the Board of Directors. After the bid is awarded, a purchase order shall be issued in accordance with Section 4.0 herein.

Local Vendor Preference

The District endeavors to stimulate the local economy by using its purchasing power to support local businesses within boundaries of SMCSO, and promote creation and retention of local jobs. To that end, the District may grant a preference to local vendors when comparing bids or quotations for the purchase of discretionary goods and services, subject to the guidelines set forth in this section.

The preference shall only apply to the procurement of materials, supplies, equipment, and services as set forth herein. In addition, the preference shall not apply to procurement that is restricted by Federal or State laws or regulations that proscribe such a preference, or to public projects subject to the California Public Contracts Code.

The preference may be granted only if the Manager determines that the local vendor is able to provide comparable goods or services as the next lowest responsive bidder. In determining whether to grant the preference, the Manager may take into account other District fiscal policies and/or criteria.

The preference shall be five percent (5%) of the local vendor's bid or quotation; however, in no event shall the total preference exceed \$5,000 for any single purchase order or contract.

The 5% preference will be used solely to determine to whom the contract should be awarded and will not in any way alter the final contract amount. A 'local vendor' must meet all of the following criteria:

1. The vendor owns, leases, rents or otherwise occupies a fixed office or other commercial building or a portion thereof that has a street address within the District. A post office box shall not qualify as a local business address.
2. The vendor possesses a valid and verifiable business license issued that reflects the vendor's local address.
3. The vendor's business is staffed during business hours by an employee, or employees, employed by the vendor and conducting the vendor's local business.
4. Where State sales tax will be paid for the purchase, the vendor must possess a valid resale license from the State Department of Equalization reflecting the vendor's business address.

To qualify for the preference, a vendor must certify in writing, in its bid or quotation to the District, that it meets the criteria of a "local vendor". The Manager shall determine if a vendor qualifies as a "local vendor". Any vendor falsely claiming to qualify as a "local vendor" shall be ineligible to transact any business with the District for a period of up to 24 months as determined by the Manager. The Manager and/or Board of Directors may also terminate all or part of any contract entered into with such a vendor. The decision of the Manager may be appealed to the Board of Directors pursuant to the review process used for bid protests.

Section 6.0 PROFESSIONAL SERVICES

The procurement of professional services shall be based on qualifications. Such professional services shall include, but not be limited to, those provided by:

engineers, management services for construction projects, architects, urban planners, geologists, hydrologists, land surveyors, landscape architects, rate consultants and assayers, real estate appraisers, licensed environmental assessors and ecologists, accountants and providers of financial services, actuaries, personnel and insurance consultants, psychologists, medical doctors, entertainers and performers, claims consultants, and attorneys at law.

| If the cost of the work to be performed is of an estimated value in excess of \$~~10~~25,000, the Manager shall obtain the approval of the Board of Directors prior to issuing a purchase order pursuant to Section 4.0.

| If the cost of the work to be performed is estimated to not exceed \$~~10~~25,000, the Manager may issue a purchase order pursuant to Section 4.0 without Board of Directors concurrence, unless the Manager determines that such services warrant a Board concurrence prior to award.

Section 7.0 SOLE SOURCE VENDORS

In the case of sole source vendors, quotation and bid requirements may be waived by the Manager and/or the Board of Directors when in his/her/their judgment the District is best served by a particular vendor.

A purchase order and a written explanation for justification of sole sourcing shall be submitted to the Manager and/or the Board of Directors for approval. If approved, a copy of the written explanation shall be attached to the copy of the purchase order.

Section 8.0 PETTY CASH

The Manager shall be responsible for the management and accounting of petty cash funds according to the internal control procedures established by this Manual. Petty cash funds may be used for any purpose including non-overnight travel and meetings or for residual final travel accounting amounts due an employee. Petty cash vouchers and/or petty cash reconciliation forms will be provided.

A \$100 limit shall be established for each separate use of petty cash funds except that said limit may be waived by either the Manager or his/her designee, up to a maximum of \$100.00.

In recognition that employees cannot be expected, nor required, to use personal funds to make petty cash purchases on behalf of the District, petty cash advances may be approved by the Manager.

In the case of petty cash advances, the employee receiving the advance will promptly upon making the purchase, return the receipt and any cash change to the petty cash fund and complete the petty cash voucher. Receipts are required for all petty cash expenditures. Travel per diems wherein receipts are not required is not an appropriate use of petty cash funds. However, amounts due employees less than \$100 as determined by completion of the final accounting section of a pre-authorized travel and meeting expense claim may be reimbursed from petty cash funds.

Requests for the replenishment of petty cash funds used shall be made to the Manager on petty cash reconciliation/reimbursement request forms. The request shall summarize the amount to be replenished by budgetary account number and have attached all expenditure receipts. The Manager shall process said requests in accordance with established payment processing procedures.

Section 9.0 WARRANT REQUESTS

In recognition that needs arise for the issuance of a District warrant for purposes that may not be appropriate for the issuance of a purchase order, (i.e. deposit refunds, and receipt overpayments, payroll related needs, etc.), the Manager shall establish a warrant request procedure for issuing a warrant payment without a purchase order. Warrant requests shall be processed on a basis consistent with the payment processing schedule; exceptions may be made by the Manager when the best interests of the District might be best served by the accelerated issuance of a warrant payment.

Section 10.0 TRAVEL, MEETINGS AND EDUCATION AUTHORIZATIONS

District officials and employees shall endeavor to book air travel to take advantage of discounts offered for purchasing flight tickets in advance of departure; i.e. 14 or 21 days, and take advantage of non-refundable ticket fares where practical.

Transportation costs for commercial carrier shall be paid by the District directly and separately whenever practical. Round trip tickets shall normally be purchased whenever commercial carriers are used. Travel expenses of a family member of an official or an employee are not eligible for payment by the District. Travel arrangements and payment of costs for family members are to be handled directly by the employee.

b. Personal Vehicles

Use of personal vehicles, when approved as a mode of travel to and from destinations, will be reimbursed at the established mileage rate. When commercial carrier is used, a traveler will be reimbursed for personal vehicle mileage to and from the airport and the actual cost of airport parking regardless of airport location.

(1) Travel in San Luis Obispo County

Employees receiving monthly auto allowances shall not, except under special circumstances as authorized by the Manager, be eligible to use a District vehicle nor receive mileage reimbursement for use of personal vehicles when travel is within San Luis Obispo County.

(2) Travel Outside San Luis Obispo County

The use of personal vehicles on District authorized business outside San Luis Obispo County will be reimbursed at the authorized mileage rate for all District officials and employees. Payment of mileage will be based upon the most direct route from point of departure to point of destination. A District official or employee may leave from his/her home for a meeting, conference, seminar or training session. However, the mileage from home to the destination should not exceed the mileage from District offices to the destination.

3. Lodging

Hotel accommodations should be arranged directly by the District, not traveler. Receipts for lodging must be attached to the Travel and Meeting Authorization Form in order to obtain reimbursement. Hotel expenses for District officials and employees only will be reimbursed at the single occupancy rate. Room movies and other miscellaneous, such as alcoholic beverages are not eligible for reimbursement including room service meals, if a per diem has been provided.

4. Per Diem

Each person traveling on official District business, which includes an over-night stay, may (1) receive a per diem for meals, taxes, gratuities, and incidental expenses equal to the IRS allowance, or up to \$50. Allow \$75.00 if travel time is 4 hours or more per day provided that receipts are submitted to the District. If the amount shown on the receipts is less than \$75 the difference is considered taxable income;

or (2) receive a per diem equal to the IRS regional allowance, in which case no receipts are required and the full amount is non-taxable.

Meals and food charged to a motel/hotel room via room service shall be counted on the final reconciliation of the Travel and Meeting Authorization Form towards the per diem. Per diem shall be paid for travel days just prior and just after the event. One-half of the daily rate shall be paid if the distance to the event is less than 275 miles except that if the event ends later than 3:00 p.m. a full day per diem may be paid. A full day per diem shall be paid if the one-way distance is greater than 25 miles.

Expense reimbursement for amounts over the per diem amount must include receipts for all expenses.

5. Itemizing Expenses

If travel encompasses not more than a single day, the traveler shall itemize the expenses incurred for reimbursement. Upon return, supporting documents such as receipts or paid invoices must be submitted on the Travel and Meeting Authorization Form. In the case of overnight travel, the traveler may claim actual expenses rather than per diem. However, all receipts or paid invoices must be submitted with the Travel and Meeting Authorization Form in order to be reimbursed.

6. Registration Fee

Registration fees charged for any authorized convention, conference, seminar or meetings are reimbursable and should be paid in advance.

7. Taxi, Car Rental, Shuttle Service and Parking

Expenses incurred for car rental and limousine service will not be reimbursed unless authorization is received from the Manager prior to the travel. Whenever possible, District officials and employees should utilize hotel courtesy buses or local shuttle services. Whenever possible, hotel accommodations should be within easy access to the functions for which the travel was authorized. Taxi service should be used only when no other convenient, less costly transportation is available. Expenses for parking shall be reimbursed in addition to any other allowances paid to the traveler.

8. District Merchant Cards

Merchant card receipts for all charges on the credit cards shall be attached to the final reconciled Travel and Meeting Authorization Form submitted to the Manager.

Gas credit cards issued to the District may only be used to purchase fuel and oil in a District owned vehicles. Use of District gas credit cards in personal vehicles is strictly prohibited, regardless of whether or not the use of the personal vehicle was for authorized District business.

9. Mileage Rate

The mileage rate for personal vehicle use shall be determined each January 1st by the Manager. The mileage rate shall be equal to the mileage rate allowance as set by the Internal Revenue Service for business use of a vehicle as confirmed by the Manager.

10. Miscellaneous Meetings

Miscellaneous meetings wherein food, beverages and related sundries are provided either on site or at a dining establishment may be paid and/or reimbursed by District when required for official business. Payment and/or reimbursement may be made via; petty cash, merchant card, vendor charge account, purchase order, warrant request or Travel and Meeting Authorization Form.

In all cases, the payment and/or reimbursement request shall be accompanied by a receipt or other documentation and in the case of the use of a merchant card, the customer copy of the merchant card charge -slip. The -receipt and/or payment request should clearly identify the purpose of the meeting, the general attendees (i.e. lunch with auditors) and the budgetary account number. A Travel and Meeting Authorization Form need only be utilized when the cost of an individual, miscellaneous meeting exceeds \$200.

11. Discretion

These procedures do not claim to have addressed all contingencies and conditions. Any necessary and reasonable expenses that may from time-to-time be justified due to circumstances or opportunities for the District will be honored upon approval by the Manager in the form of reimbursements to the traveler and upon adequate documentation and justification.

Section 11.0 PAYMENT REQUIREMENTS

The issuance of warrants for petty cash, warrant requests and travel and meeting authorizations shall be made by the Manager upon receipt of the properly completed documentation and in accordance with the payment schedule as established by the Manager.

For purchase orders, preparation of the vendor payment shall be initiated by the Department Head, Supervisor and/or the Manager upon receipt of the signed "payment" copy of the purchase order. Partial payments are acceptable. Authorization for partial payment(s) may be initiated by the Manager by submitting the invoice with the "Approved for Payment" stamp fully completed and the purchase order number clearly indicated on the invoice.

For purchase orders issued for materials and/or services to be provided over time, the Manager shall initiate vendor payment solely upon receipt of the appropriate invoice(s) with the "Approved for Payment" stamp fully completed and the purchase order number clearly indicated on the invoice. In order to expedite vendor payment processing, the following vendor statement/invoice delivery arrangements should be made:

Single Department - In those cases where a Department Head or supervisor knows that his/her department is the only department doing business with a particular vendor: Upon receipt of statement/invoice (s), the Manager shall reconcile the amounts due and authorize payment by utilizing the "Approved for Payment" stamp and forward the original documents for payment. The amount due the vendor shall be summarized by budget account number.

Multiple Departments - In those cases where more than one department makes purchases from the same vendor, the statements should continue to be mailed directly to accounts payable; except that in those cases wherein the vendor sends invoices separately from their end-of-the-

month statements, arrangements should be made to have invoices sent directly to the department involved for reconciliation and approval before forwarding to accounts payable.

In all instances, vendor payments shall be processed in accordance with the payment schedule unless the Manager determines that the best interests of the District would be best served by accelerating the issuance of a particular vendor payment.

The current payment schedule, as established by the Manager, is that payment requests received by noon on Wednesday will have a warrant(check) issued no later than the fourth following Friday except as otherwise established by the Manger.

DO NOT UNDER ANY CIRCUMSTANCES PROMISE OR OTHERWISE INDICATE TO A VENDOR THAT PAYMENT WILL BE RECEIVED ANY SOONER.

APPROVED FOR PAYMENT

Budget Acct. # _____

Amount to

Pay \$ _____

Date Signature

Vendor # _____

Section 12.0 MERCHANT CARDS

Purchases made by merchant card shall be made in conformance with established Fiscal Policy, the purchasing rules and restrictions as identified in Section 1.0 through 9.0 and shall in no event exceed or circumvent the regulations set forth therein. A single purchase by credit card shall not exceed \$2,500 or the credit card account limit, whichever is less.

Purchases less than \$5.00 should not be made using the merchant card. These purchases should be made using petty cash. Merchant card account limits will be between \$2,000 and \$10,000 per month. Account limits apply to the account, not the card. For example, an account may have a limit of \$5,000, with two cards issued. Therefore, the aggregate spending total of both cards must not exceed \$5,000 per month.

Each Department Head or Supervisor will be informed of the limits placed on accounts issued to his/her department and or divisions.

Purchases will be denied by the card issuer for any account that is delinquent or has exceeded its account limit. Departments must track their monthly spending so that they do not exceed the merchant card account limit.

1. Business Use Only

The merchant card is to be used for District purchases ONLY.

2. Conditions for Use

The total of a single purchase to be paid using the merchant card may be comprised of multiple items and cannot exceed the authorized single invoice limit. Purchases will be denied if the authorized single purchase limit is exceeded. Payments for purchases are not to be split in order to stay within the single purchase limit.

All materials, supplies and services purchased over the counter and paid for by using the card must be immediately available. No back-ordering is allowed, unless authorized by the Manager.

All materials, supplies and services purchased by telephone order to be paid for by merchant card must be delivered by the merchant/vendor within the 30-day billing cycle. The order should not be placed without this assurance. (Please see "Telephone Purchase Procedures" below). Merchant card use for employee travel must comply with established District travel policy.

3. Telephone Purchase Procedures

Telephone purchase procedure, as used in these instructions, means a procedure where an order is placed or a purchase is made by telephone. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing a telephone order to be paid using the merchant card, employee will:

- a. Confirm that the merchant/vendor agrees to charge the merchant card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- b. Instruct the merchant/vendor to fax or mail the charge slip to the card holder when the credit card is charged.
- c. A log should be used to record telephone merchant card orders (see Attachment 4). The documentation should be held until the monthly billing statement is received and then attached to the statement, along with the charge slips, when it is submitted for payment.

4. Internet Purchase Procedures

Internet purchase procedure, as used in these instructions, means a procedure where an order is placed, or a purchase is made, by internet website access. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing an internet order to be paid using the merchant card, employee will:

- a. Confirm that the web site utilizes security protection software.
- b. Confirm that the merchant/vendor agrees to charge the merchant card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- c. Print out a hard copy of the order confirmation before exiting the site.

5. Documentation, Reconciliation and Payment Procedures

- a. Documentation

Any time a purchase is made that will be paid using the merchant card, whether it is done

over the counter or by telephone or by internet, a document must be retained as proof of purchase. The documents will later be used to verify the purchases shown on the merchant card monthly statement. When a purchase is made over the counter, the employee is to obtain a customer copy of the charge slip, as well the separate invoice if any, which will become the accountable document (make sure all carbons are destroyed).

When making purchases by telephone, the employee is to immediately document the transaction on a log and attach the charge slip (and invoice, if any) when received from the vendor, along with any shipping documents associated with the order.

b. Missing Documentation

If for some reason the employee does not have documentation of the transaction to send with the statement, he/she must attach an explanation that includes a description of the item, date of purchase, merchant's/vendor's name and why there is not supporting documentation. If documentation is received after the statement has been sent for payment, the employee should send the documentation to accounts payable with a note referencing the date of the statement to which it should be attached.

6. Merchant Card Restrictions

The following list covers purchases for which merchant card use is **prohibited**:

- a. Gasoline and oil purchases. Gasoline and oil purchases for District vehicles only must be made using a **gas** credit card.
- b. Cash advances through bank tellers or automated teller machines.

7. Payment and Invoice Procedures

a. Purchases made by employees will be paid by accounts payable once the employee certification and the Manager verification has been completed, and account coding assigned for each transaction. Account coding shall be summarized by budget account.

b. Original statements and charge slips should be sent to the Manager. If the employee wishes to retain a copy of the statement, a copy should be made before the original statement is sent to Manager.

c. The "Statement of Account" requires the Department/Division to review the statement and to note any errors on the bill. The Department/Division should attach to the statement all receipts (sales drafts/charge slips) received at the time of purchase with the budget account number noted on each. Travel expense charges must include a copy of the final accounting of the travel authorization form, as well as receipts pertaining to travel purchases made by credit card. The Supervisor or General Manager he/she stamps the statement with an "Approved for Payment" stamp, assigns account codes for each item, writes the grand total of the amount to be paid in the "amount" area provided by the "Approved for Payment" stamp, attached the summary by budget account and secures the signature of the Manager certifying items purchased and received and forwards to the accounts payable within five (5) working days after it is received. Non compliance may mean denial of future use of card.

d. The Manager will be responsible for receiving completed statements from all divisions, reviewing them, resolving any questions on the purchases, reconciling and signing the statements, and forwarding completed account statements with all attachments to the accounts payable section within five (5) working days after receipt of the statement in the mail. Account statements will all close on the last day of each month and will be mailed by the issuer shortly thereafter. Statements will be mailed directly to each department and will generally be received on about the same date each month.

e. If an account has no purchase activity for a particular billing cycle and shows a "zero" balance, the statement should be filed in the merchant/vendor file. "*File Only -- Zero Balance*" should be clearly marked on the front of zero balance statements.

8. Approval

Approval of the transactions that employees have made using the merchant cards will not be totally defined in these procedures. Department Heads or supervisors, because of their knowledge of the job responsibilities of employees, are required to look at each employee's purchases, and at the merchant, who made the sale in order to determine if these items were for Official Use and if they were items allowed to be purchased in accordance with the instructions provided.

If, for any reason, the Manager questions the purchases(s), it is his/her responsibility to resolve the issue with the employee. If he/she cannot be satisfied that the purchase was necessary and for Official Use, then the employee must provide a Credit Voucher proving item(s) have been returned for credit, or a personal check or cash for the full amount of that purchase. Resolution for improper use of the merchant card will be the responsibility of the Manager to resolve, and disciplinary action for misuse will also be his/her responsibility to process.

9. Disputes

If items purchased with the merchant card are found defective or the repair of services faulty, the employee has the responsibility to return the item(s) to the merchant for replacement or to receive a credit on the purchase. If the merchant/vendor refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE.

A disputed item must be noted on the statement of account. In addition, an "Employee Statement of Questioned Item" form (Attachment 1) must be completed by the employee with appropriate documentation attached, if necessary. The Manager shall notify the merchant card issuer in accordance with the instructions on the "Employee Statement of Questioned Item" for adjustment. The form should be attached to the statement of account, with a copy retained by the Department for follow-up the following month to be sure the proper credit is received on the statement of account.

It is essential that the time frames and documentation requirements established by the merchant card issuer be followed to protect the employee's rights in dispute. Dispute policies and procedures issued by the merchant card issuer will be provided at the time merchant cards are issued to employees.

10. Requests for Initial, Additional or Changes to Merchant Cards and/or Credit Cards

All requests for new accounts, additional cards or changes in account names or limits will be done by submitting "Request for Merchant or Credit Card" form to the Manager. The form will be processed by the Manager and the requesting Department Head or Supervisor will be notified when the request is processed. A minimum of thirty days should be allowed for processing requests.

11. Periodic Inventory of Merchant and/or Credit Cards

At least once annually, the Manager will provide a list of credit cards to be issued. A physical inventory of credit cards, photocopying each card, and provide a report to the Manager of the results of the inventory.

12. Lost or Stolen Merchant and/or Credit Cards

Should any employee lose or have a District credit card stolen, it is the responsibility of the Manager to immediately notify the merchant card issuer of the loss. The telephone number of the merchant card issuer will be provided when the merchant card is issued.

In addition to notifying the merchant card issuer, the Manager must notify the Board of Directors of the lost or stolen credit card **WITHIN ONE WORKDAY** after discovery of the loss or theft of the card. The Manager will be required to make a written report to the Board of Directors **WITHIN FIVE (5) WORKDAYS** that will include the complete information on the loss, the date the loss was discovered, the location where the loss occurred, if known, the purchases that the employee had made prior to the loss, and any other information that may be considered necessary.

13. Terminating Employee

The Manager shall be responsible to collect merchant and/or credit cards from terminating employees.

If the Manager is unable to collect the merchant card when an employee leaves, the Manager shall notify the Board of Directors immediately by telephone and follow-up with a memo to take action to insure the merchant card is voided.

The merchant card issuer shall be notified to void the merchant card to prevent any purchases after the employee leaves.

Section 13.0 CONTRACT CHANGE ORDERS

To establish a uniform procedure for documenting, review and authorization of Change Orders affecting construction contracts, these procedures shall apply to changes in the work that result in alterations, amendments or deviation from an awarded contract; thereby modifying the scope of the contract, the cost, completion schedule, material and/or equipment furnished under the awarded contract.

A Change Order is the written authorization that changes the awarded contract as noted above. The Change Order shall be for similar kinds of work as that awarded in the original contract and

shall only arise in good faith from unforeseen items and/or events since the time of the bid award. Request for Change Order authorization to the Manager shall be accompanied by a purchase order. Change Order authorization limits are established as follows:

Contracts \$50,000 - \$75,000 25% of contract or \$ 17,500 whichever is greater. The Manager is authorized to execute said change orders after first obtaining Board of Director approval.

Contracts > \$75,001 - \$99999 25% of contract or \$25,000 whichever is greater. The Manager is authorized to execute said change orders after first obtaining Board of Director approval.

Contracts > \$100,000 10% of contract or \$125,000 whichever is greater. The Manager is authorized to execute said change orders after first obtaining Board of Director approval.

The limits noted are for Change Order amounts in the “aggregate”. Change Orders for amounts in excess of these limits must be approved by the Board of Directors as a regular agenda item.

In all cases where a Change Order would increase the cost of the project beyond the existing budget, the Change Order shall be presented to Board of Directors along with an appropriation resolution for their consideration and approval.

Section 14.0 CONTRACTS WITH OTHER PUBLIC AGENCIES

It may be beneficial to contract with other public agencies for goods and services. In such cases, the Manager may waive normal -bidding procedures -if it -can -be shown, via the quotation procedures contained in Section 4.0, that contracting directly with another public agency is equal to or less than the cost of a private sector competitive bid contract.

Section 15.0 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING

The District shall, hereby, approve these Purchasing Policies and Procedures incorporating, by reference, the Uniform Public Construction Cost -Accounting standards -and practices. This provides the opportunity for the District to undertake public projects of \$25,000 or less by force account, negotiated contract or by purchase order.

For projects greater than \$25,000 but less than \$75,000, the District may undertake an “informal” bidding procedure as set forth by State regulations. In all such cases wherein the District opts to utilize the Uniform Public Construction Cost Accounting method, State procedures governing this procedure shall supersede the District’s purchasing procedures as identified herein.

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San Miguel Community Services District

Staff Report

June 9, 2017

AGENDA ITEM: XI.2.

SUBJECT: Utility Billing Policy

STAFF RECOMMENDATION:

Discuss the proposed San Miguel Utility Billing, Late Fee, Appeal, and Collections Policy.

BACKGROUND:

The San Miguel Community Services District (“District”) currently does not have a written procedure regarding its utility billing practices. Specifically, the District does not have a written procedure for collecting late fees and penalties. This staff report outlines the District’s current procedures for handling late utility payments and the draft policy developed by staff. The attached draft policy codifies and clarifies the District’s process for handling delinquent water accounts. Additionally, the Operations and Personnel Committee (“OP Committee”) reviewed the draft policy and offered substantive amendments to be considered by the Board of Directors (“Board”), which are discussed in this report. Prior to finalizing the draft policy, staff seeks guidance from the Board with regard to the substantive and technical aspects of the policy

CURRENT DISTRICT POLICY:

Step One: Bills Are Issued To Residents

- On the 15th of each month, the District sends utility bills to all District residents, which shows the outstanding balance due on the 10th of the next month. Customers must pay their utility bill by the day indicated on their utility bill (10th of following month), or the District assesses a ten percent (10%) penalty for any unpaid balances beginning the next business day.

Step Two: Initial Follow-Up By District Staff

- In a typical month, approximately 100 accounts remain unpaid by the due date. On the final Monday of each month, staff runs a report and contacts each customer by phone following up on the overdue account. Staff utilize this phone call to make payment arrangements and to determine the reasons for late payment. The District reminds customers that they must make payment in full by the 10th of the month.

Step Three: Door Hangers

- For accounts that remain unresponsive, the District prints out door hangers on the first of each month. If the customer has not paid their utility bill, or made arrangements to pay the bill, the District will place a door hanger at the place of service. The door hanger notifies the customer that water service will be terminated within forty-eight (48) hours if they do not pay the bill in full.

Step Four: Lockout

- The Account Clerk then makes one last call, informing the customer that their service is being disconnected and that they will be subject to a sixty dollar (\$60.00) reconnection fee in addition to the delinquent amounts to bring the account current. The District then issues a service order to have the utilities department lock off service.

The District informs customers of this practice when they sign up for utilities. The service application reads:

- ***Payment-*** *The applicant agrees to pay for water and/or sewer services rendered by the SMCSD. Charges for services will be made at the regular established rates for the class of service applicable to the applicant. It is the consumer's responsibility to review the bill for accuracy and notify the SMCSD of any concerns, issues or discrepancies.*
- ***Delinquency-*** *Payment for services are due by the date indicated on the billing statement. Payments received after the due date will be assessed a 10% penalty of any unpaid balance. The applicant agrees to pay reasonable expenses of collection, including attorney's fees and court costs should it become necessary to use such measures to collect the charges made to the applicant's account. The SMCSD shall terminate service on delinquent accounts not paid after notice. In order to restore service, the customer must bring current all delinquent charges. In addition, SMCSD will charge a reconnection fee. A fee of \$30.00 will be charged for each returned check.*

Step Five: Collection through County Tax Roll:

Pursuant to Government Code section 61115, the District may collect unpaid utility charges through the tax bills of affected parcels of real property. Historically, the Account Clerk prepares and submits a report to the Board that describes the amount of charges and delinquencies for each affected parcel in a year. The Board then conducts a public hearing on the report and considers objections and protests. The Board may adjust the charges and penalties prior to adopting the final report. The Account Clerk then submits the final report to the county on the due date in July of each year, and the delinquent charges become an assessment against each affected parcel and collected in the same manner as property taxes.

PROPOSED WRITTEN POLICIES:

The attached proposed San Miguel Utility Billing, Late Fee, Appeal, and Collections Policy (“Policy”) seeks to formalize how the District handles its utility late fees. The Policy formalizes an appeals process for disputing amounts owed and establishes the method used to collect delinquent fees through the tax rolls when necessary.

Staff seeks guidance from the Board with regard to how the process will ultimately work.

Delinquency Process:

The draft Policy replaces the initial phone call with a written letter to the delinquent customer. When the account becomes thirty (30) days past due, a “10 Day Notice of Impending Service Disconnection” is mailed to the customer informing them that their service will be disconnected on a specified date if the account remains unpaid. The ten (10) day period begins five (5) days after the date of mailing of the notice, ensuring customers receive their full ten (10) day grace period.

On or about the 25th of each month, customers with accounts that remain delinquent after the mailing of the “10 day Notice of Impending Service Disconnection” will receive a “48 Hour Disconnection Notification.” The District shall make a good faith effort to contact an adult residing at the premises by phone or in person at least forty-eight (48) hours prior to any termination of service. If the District cannot make personal contact, a notification tag indicating the shut off date will be hung on the customer’s property and the District will send notice by certified mail. The standard delinquency process can be summarized in three steps:

- Step 1. Written letter of delinquency;
- Step 2. 10 Day Notice of Impending Service Disconnection;
- Step 3. 48 Hour Disconnection Notice and good faith effort to contact resident.

Initial Appeal Process

The Policy establishes an appeals process for customers to dispute any charge, fee, or service disconnection. A District customer may file a written request with the General Manager disputing any fee or charge assessed by the District or water service disconnection within thirty (30) days of the fee becoming due or water service becoming disconnected, whichever is later. Fees, Charges, and disconnections cannot be appealed after thirty (30) days. The Policy establishes a grace period for currently delinquent accounts, and the thirty (30) day time limitation does not apply within the first ninety (90) days of the policy being adopted. The grace period enables customers to take advantage of the new appeals process regardless of how long their account has been delinquent.

The General Manager shall review all written requests for relief and either deny the request or grant the relief requested or a portion thereof. Factors for consideration shall include:

- a) Billing errors;
- b) Faulty meter or a misread meter;
- c) Water leaks necessitating a leak adjustment; or
- d) Any other factor deemed relevant by the General Manager.

Organization & Personnel Committee Comment on Appeal Factors

The O&P Committee suggested the Policy include the following factors for the General Manager to consider on appeal:

- a) Catastrophic Events: including fire, mold, or medical related catastrophes;
- b) Seasonal Adjustments to billed amounts: e.g. extended periods of vacation, or medical related treatment involving extended periods of time absent from the residence; or
- c) Cases of Inhabitability: where the property is not habitable due to fire, flood, property damage, or code violations resulting in a notice of non-occupancy.

Board Appeal Process

A customer dissatisfied with the decision of the General Manager may appeal that decision to the Board. The customer must file a Notice of Appeal with the District within fifteen (15) days of the General Manager's final decision. After the customer submits a \$50 appeal fee, the General Manager will set a date for the hearing and notify the appellant no later than fourteen (14) days before the hearing. After the customer and General Manager present their evidence, the Board may affirm the amount owed or reduce any portion thereof. If the Board reduces the amount owed, it must make a finding on the record explaining that the reduction advances the public interest.

Alternatively, if the Board refuses to hear an appeal, the appeal will instead be heard by a neutral arbitrator. The costs of such an arbitration will be split even between the customer and the District.

Collection Through County Tax Roll:

The District's process for collections through the county tax roll will remain unchanged.

DISCUSSION:

Staff believes the District should formalize its utility billing procedures. The Policy revises current procedures and establishes clearer, less subjective policies for handling delinquent accounts. A uniform process for processing delinquent accounts must be adopted to ensure transparency, fairness, and compliance with state law.

The current procedures may lead to inequitable outcomes in some situations. For example, under the current procedures, a delinquent customer that answers the phone call from the District and gives a satisfactory reason for nonpayment receives until the tenth of the next month to pay the overdue balance. When a customer fails to answer the phone or provide a satisfactory reason for nonpayment, the District places a door hanger notice on the first of the month explaining that the water will be shut off within forty-eight (48) hours. The amount of time afforded to a customer to pay a delinquent amount should be uniform regardless of being contacted by the District.

Moreover, the District currently has no appeals process to dispute a water charge. A customer cannot avail themselves to a formal policy to challenge any water charge or corresponding late fee. The Policy establishes a procedure and establishes a fair and impartial process for granting relief.

The O&P Committee reviewed the Policy and requested the policy authorize the General Manager to grant relief in additional situations. The Policy as drafted, contains a catch all allowing the General Manager to consider any factor he or she deems relevant when granting relief. However, the O&P Committee suggested the policy include specific situations authorizing relief such as waiving or adjusting delinquent amounts, as discussed above.

The suggestions from the O&P Committee have not been incorporated into the new Policy. Prior to proposing a final Policy, staff seeks direction regarding the numerous options available to the Board. Specifically, staff would like feedback with regard to the following:

- a) Timing and procedure for noticing nonpayment and service lockout;
- b) Amount of discretion afforded to the General Manager in waiving charges and fees;
- c) Timing and procedures of the appeals process; and
- d) Any other feedback regarding the Policy.

FISCAL IMPACT:

The Policy adopted will likely be similar to the District's current informal policies. The Policy may result in minor financial impacts due to additional staff time and resources needed to administer the delinquency and appeals processes.

STAFF RECOMMENDATION:

Provide feedback to staff regarding the draft Policy attached to this report.

PREPARED BY:

Tamara Parent
Account Clerk II/Operations Coordinator

RESOLUTION NO. 2017-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MIGUEL COMMUNITY SERVICES DISTRICT ADOPTING THE SAN MIGUEL UTILITY BILLING, LATE FEE, APPEAL, AND COLLECTIONS POLICY.

WHEREAS, the San Miguel Community Services District (“District”) is a community services district duly formed under Government Code Section 61000 to provide community services within the District’s service area; and

WHEREAS, pursuant to Government Code Section 61115, the District may establish rates or other charges for services and facilities that the District provides; and

WHEREAS, the District requires timely payment from District customers for water, sewer, and fire services to meet its financial obligations; and

WHEREAS, customers that meet their obligation of timely payment should not bear the additional cost of those who do not; and

WHEREAS, the District seeks to establish its billing practices and a procedure for imposing late penalties in the event of utility bill nonpayment;

WHEREAS, the District seeks to establish its procedure for terminating service due to nonpayment; and

WHEREAS, the District seeks to establish a procedure for collecting unpaid utility charges through property tax rolls; and

WHEREAS, the District seeks to establish an appeals process for the General Manager and the Board of Directors to review customer appeals that is fair to the District and its customers.

THEREFORE, BE IT RESOLVED, by the Board of Directors of the District does hereby approve and adopt the “San Miguel Utility Billing, Late Fee, Appeal, and Collections Policy,” which is attached hereto as Exhibit A and incorporated herein by reference.

On a motion of Director _____, 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 9th day of June, 2017.

Anthony Kalvans, President
Board of Directors

ATTEST:

Douglas L. White,
District General Counsel

EXHIBIT A
San Miguel Utility Billing, Late Fee, Appeal, and Collections Policy

Section 1. Policy Purpose and Application

The Board of Directors adopts this policy to:

- a. Provide a fair and impartial procedure for customers to dispute fees assessed by the District;
- b. Establish a comprehensive policy for District billing practices and provide customers notice of their payment duties and obligations;
- c. Facilitate timely payment from District customers to meet the District's financial obligations;
- d. Ensure that customers that meet their obligation of timely payment do not bear the additional cost of those who do not;
- e. Establish enforcement mechanisms to obtain payment when a customer refuses to pay or cannot be found;
- f. Establish procedures for District customers to dispute the accuracy of any utility bill, late fee, or other enforcement mechanism used by the District for the collection of utility charges.

Section 2. Payment Due

Payment for services shall be due by the date indicated on the billing statement.

Section 3: Late Fees

- a. Payments received after the due date will be assessed a ten percent (10%) penalty of any unpaid balance, in compliance with Government Code section 61115 subdivision (A)(3)(c).
- b. Each customer shall be responsible for paying reasonable expenses of collection, including attorney's fees should it become necessary to use such measures to collect the charges on the customer's account.

Section 4: Discontinuance of Service

- a. When a customer's account remains delinquent for thirty (30) days, the District shall deliver a "10 day Notice of Impending Service Disconnection," informing customers that their service will be disconnected on a specified date if the account remains unpaid. The ten (10) day period begins five (5) days after the date of mailing of the notice.
- b. Customers with accounts that remain delinquent after fifteen (15) days of mailing the "10 day Notice of Impending Service Discontinuance" will receive a "48 Hour Disconnection Notification." Service to the property will be discontinued if the account remains delinquent 48 hours after receiving the "48 Hour Disconnection Notification."
- c. The District shall make a good faith effort to contact an adult residing at the premises by phone or in person at least 48 hours prior to any termination of service. If the District is unable to make personal contact, a notification tag will be hung at the customer's property and the District will send notice by certified mail, indicating the shut off date and approximate time.

- d. Services not disconnected prior to an appeal or request for relief shall not be disconnected until the Board of Directors rules on the appeal.
- e. The Board of Directors has previously established a service disconnection and reconnection fee by resolution. The Board of Directors may amend the service disconnection and reconnection fee at any time by resolution.

Section 5: Request for Relief

- a. Any customer of the District may file a written request with the General Manager disputing any fee or charge assessed by the District or water service disconnection within thirty (30) days of the fee becoming due or water service becoming disconnected. Time limitations prescribed by this Subsection shall not apply within the first ninety (90) days of this policy's adoption.
- b. The General Manager shall review all written requests for relief and either deny the request or grant the relief requested or a portion thereof. Factors for consideration shall include:
 - a. Billing errors;
 - b. Faulty meter or a misread meter;
 - c. A water leak was present necessitating a leak adjustment;
 - d. Any other factor deemed relevant by the General Manager.

Section 6: Appeals

- a. Any customer of the District who disputes the General Manager's final decision under Section 5 of this policy, may appeal the decision by filing a "Notice of Appeal" no later than fifteen (15) days from the date of the General Manager's final decision. Appeals of the General Manager's decision shall be heard by the Board of Directors.
- b. No customer shall be entitled to a hearing before the Board of Directors without first requesting relief pursuant to Section 5.
- c. Each appeal to the Board of Directors shall be accompanied by the payment of a fifty dollar (\$50) fee to defray the costs of the appeal to the District.
- d. The Notice of Appeal shall set forth the basis for the appeal and all facts upon which the appeal is based.
- e. Within fifteen (15) days of receiving the Notice of Appeal, the General Manager shall notify the appellant of the time and place for the hearing. The General Manager shall provide notice of the hearing to the appellant no later than fourteen (14) days prior to the hearing.
- f. The customer may present evidence demonstrating that the utility bill is inaccurate or the amount owed is improper. The General Manager may present evidence that demonstrates the accuracy of the utility bill and evidence that justifies the amount of the utility bill.
- g. The Board of Directors may affirm the amounts assessed by the General Manager, reduce any portion of the delinquent amount or penalties, or find that the imposition of the penalty is not warranted. When reducing the amount sought by the utility bill, the Board shall make a finding on the record that the reduction is in the public interest.
- h. The Board of Directors decision shall be final, and outstanding balances shall be due immediately, unless otherwise extended by the Board of Directors.

- i. The Board of Directors, in its sole discretion, may refuse to hear an appeal and instead have the appeal heard by a neutral arbitrator. Costs of arbitration prescribed by this Subsection shall be split evenly by the District and the customer.

Section 7. Collection via Tax Roll

Any amount that remains outstanding thirty (30) days after the appeal hearing or any amount that becomes final and unappealable may be collected on the tax roll in the same manner as property taxes, pursuant to Government Code section 61115. The General Manager shall prepare and file a report with the Board of Directors that describes the affected property and the amount of charges and delinquencies for the year. The general manager shall publish notice of the filing of the report and of the time and place for a public hearing in a newspaper of general circulation once a week for two weeks at least fourteen (14) days prior to the hearing.

At the public hearing, the Board of Directors shall hear and consider any objections or protests to the report. At the conclusion of the public hearing, the Board of Directors may adopt or revise charges and penalties prior to adopting the final report. The Board of Directors determination on each affected parcel and its determinations shall be final.

After the Board of Directors adopts the final report, the General Manager shall submit the final report to the county on or before August 10 of each year, and the delinquent charges shall become an assessment against each affected parcel and collected in the same manner as property taxes.

Section 8. Severability

If any part of this policy, or the application thereof to any person or circumstance, is held invalid, the remainder of the policy, including the application of such part or provision to other persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, the sections of this policy are severable.



San Miguel Community Services District

Board of Directors Staff Report

June 9, 2017

AGENDA ITEM: XI.3.

SUBJECT: Review & Approve **Resolution 2017-__** to Dissolve the Groundwater Sustainability Advisory Committee.

STAFF RECOMMENDATION:

Approve Resolution 2017-__ dissolving the Groundwater Sustainability Advisory Committee.

BACKGROUND:

The San Miguel Community Services District (“District”) Board of Directors (“Board”) recently established the Groundwater Sustainability Advisory Committee (“Committee”). The Committee consists of only two members of the District’s Board. The Committee has no independent authority to take any action and can only recommend action to the Board. Staff recommends dissolving the Committee due to the redundancy created by having an advisory committee that consists entirely of serving Board members. The type of business considered by the Committee will be most efficiently carried out when done so by the Board without the Committee.

The Board can streamline District business and encourage efficiency by eliminating the Committee. Removing the Committee will also relieve the workload of the future General Manager as he or she will not have to prepare and staff redundant Committee meetings. Moreover, two Board members may meet and examine an issue without the need for a formal committee. If the Board approves the Committee’s elimination, any future items that normally would have fallen under the purview of the Committee will go before the Board as part of its regular and special meeting agendas.

FISCAL IMPACT:

The elimination of the Committee will not have an immediate fiscal impact but will likely lead to cost savings in the future through the reduction in staff time preparing for Committee meetings.

STAFF RECOMMENDATION:

Staff recommends that the Board approve Resolution 2017- dissolving the Groundwater Sustainability Advisory Committee.

PREPARED BY:

Douglas L. White, District General Counsel

RESOLUTION NO. 2017-__

RESOLUTION OF THE BOARD OF DIRECTORS OF SAN MIGUEL COMMUNITY SERVICES DISTRICT TO DISSOLVE THE GROUNDWATER SUSTAINABILITY ADVISORY COMMITTEE

WHEREAS, the Groundwater Sustainability Advisory Committee (“Committee”) of the San Miguel Community Services District (“District”) Board of Directors (“Board”) currently operates with two Board members and serves an advisory role to the District Board; and

WHEREAS, the Committee provides recommendations to the Board, which then require Board approval to become final; and

WHEREAS, the Committee’s entire membership consists of two members who also serve as members of the District’s Board; and

WHEREAS, the Board desires to dissolve the Committee to streamline District business and encourage efficiency; and

WHEREAS, any agenda items that normally would have fallen under the purview of the Committee and then would be presented to the Board for review and discussion, will go directly before the Board as part of its regular and special meeting agendas moving forward.

NOW THEREFORE, BE IT RESOLVED, the Board does, hereby, adopt this Resolution to dissolve the Ground Water Sustainability Advisory Committee.

On the motion of Director _____, 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 9th day of June, 2017.

Anthony Kalvans, Board President

ATTEST:

Douglas L. White, District General Counsel