



SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
June 23, 2016 SPECIAL AND REGULAR MEETING MINUTES
MEETING HELD AT DISTRICT OFFICES
1150 MISSION STREET
SAN MIGUEL, CA 93451

- I. Meeting Called to Order by President Green—6:05 pm
- II. Pledge of Allegiance: lead by Director Kalvans
- III. Roll Call: Directors Present: Buckman, Green, Kalvans and Reuck. Director Dawes arrived late—6:03 pm
- IV. Adoption of Special and Regular Meeting Agendas: Motion by Director Buckman to adopt Special and Regular Meeting Agendas as presented. Seconded by Director Kalvans. Motion was approved by vote of 5 AYES and 0 NOES.
- V. Public Comment and Communications: None
- VI. President Green announced that meeting was adjourning to Closed Session at 6:06 PM to consider:
 - A. **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 54956.7 (2) (d) (2 cases)
 - 3. CONFERENCE WITH GENERAL MANAGER—Security Assessment Report—Threat to Public Services or Facilities**
Pursuant to Government Code Section 54957(a)
 - 4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Pursuant to Government Code Section 54957(b) (1)

Title: General Manager

B. RECONVENE TO OPEN SESSION

President Green reconvened meeting to open session at 7:08 pm.

C. REPORT OUT OF CLOSED SESSION

President Green asked District General Counsel to report out of Closed Session. General Counsel stated that there was no reportable action out of Closed Session.

President Green called a short recess at 7:00 pm.

President Green called Regular Board Meeting to order at 7:10 pm.

VIII. Public Comment and Communications:

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

There were no public requests to speak.

IX. Staff & Committee Reports – Receive & File:

President Green called for Staff & Committee Reports.

1. San Luis Obispo County Sheriff
There was no report given.
2. San Luis Obispo County Board of Supervisors
There was no report given.
3. San Luis Obispo County Planning and/or Public Works
There was no report given.
4. San Miguel Area Advisory Council
There was no report given.
5. Camp Roberts—Army National Guard
There was no report given.
6. General Manager Gentry reported that Board packet contains a quarterly report filed by San Miguel Garbage Company and spoke about submitting a letter of support for proposed state legislation affecting special districts. Copies have been placed in Board mail slots.

(continued on next page)

7. District General Counsel White spoke about a recent episode of phishing that occurred with a municipal client involving SSI numbers being used for specific

claims to city. He cautioned District Board about the perils of phishing fraud activities.

8. Utility Supervisor Dodds stated that a written report of monthly activities and projects is included with Board packet.
9. Fire Chief Roberson stated that a written report of monthly activities and hours are included in Board packet. He stressed the numbers of calls for the year have increased. Spoke about alarm testing, the practice burn exercise and the wildland fire at Camp Roberts.

Directors Green and Buckman made comments about the old fire siren that use to be sounded monthly as a testing alarm and asked what it would take to reactivate the use of siren. Chief replied with a description of initial ideas about reactivating but he was uncertain about all requirements and any benefits or restrictions. Board discussed the idea briefly and agreed to direct staff to investigate the possibility of reactivating the monthly siren and bring a report back to Board.

10. District Engineer Report by Steve Tanaka is attached. If the Board has any questions then GM will provide follow-up responses. There were no questions.
11. Finance/Budget Committee Chair Dawes reported that Committee did not have a monthly meeting but July meeting is scheduled.
12. Organization/Personnel Committee Chair Green stated that the Committee's report is attached as a part of Board package and asked if there were any questions.
13. Equipment & Facilities Committee Chair Kalvans reported that there was no June meeting due to his absence. He stated that there is a July meeting scheduled.
14. Water Conservation Ad-Hoc Committee. Chair Kalvans stated that there was nothing to report.
15. Water Resources Advisory Committee Representative Director Kalvans stated that there was nothing to report. Committee is essentially finished with ballot defeat.

X. CONSENT ITEMS:

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

Director Dawes asked for item #17 to be pulled for brief discussion.

16. Board Minutes:

16 a. Approval of Special Board Meeting/Workshop Minutes for April 30, 2016

Director Buckman made a motion to approve item 16 as presented. Seconded by Director Kalvans. Motion was approved by roll call vote, 5 AYES and 0 NOES.

17. Review and Confirm General Manager's appointment to Bookkeeper – Part-time Position pursuant to District Personnel Policy, Section 2020.

GM gave a brief review of the written report that acknowledged the need for review and confirmation of the Bookkeeper appointment pursuant to Personnel Policy, Section 2020. GM also described the associated delay in seeking this review by the Board and accepted full responsibility.

Director Dawes asked about the appointment level and compensation. GM replied that appointment was at Level 1, Part-time with no benefits except 3-days sick leave required by State law and District policy. GM pointed out that the compensation is listed in the written report. The reason for the appointment was due to demonstrated abilities and skills for the position.

XI. BOARD ACTION ITEMS:

18. Review and Discuss approving **Resolution No. 2016-21** authorizing the abatement of weeds within the District boundaries and the recovery of costs.

GM made a brief introduction of item for discussion and asked Fire Chief to explain the action requested. Chief Roberson stated that this item is the annual weed abatement program. Properties have been identified. This request will authorize the abatement of weeds and recovery of costs through property tax roll collection process. Chief requested the Board to approve the attached Resolution which must be provided to the County in order to recovery District costs.

Director Dawes asked if the District also included an administrative expenses. Chief replied that our administrative costs are factored into the total expenses for recovery. Director Dawes also asked about a parcel which seemed to be a missed property. Chief replied that he had instructed the contractor to not mow around the entire site because of liability concerns to the District. He stated that there is a code enforcement action by County occurring to address the debris situation there.

There were no other Board or public questions.

Director Buckman made a motion to approve **Resolution No 2016-21** authorizing the abatement of weeds within the District boundaries and the recovery of costs. Seconded by Director Kalvans. Motion was approved by roll call vote, 5 AYES and 0 NOES.

19. Review and Discuss No Parking signage in alleyways and designated fire lanes in the District.

GM gave a brief review of written report in the Board's packet that describes the purpose for this request, the County processing of a request to modify their transportation code and what would result in ability to have law enforcement of alleyway signage.

GM stated the staff's recommendation to affirm existing designated alleyways and fire lanes within the District for posting of No Parking signage and seek a modification to the County's Traffic Regulatory Code that would allow appropriate law enforcement stickers.

There were no Board questions. Director Green made a comment about this situation being an ongoing problem which may finally be solved with ability of appropriate law enforcement actions taking place.

There were no public requests to speak.

Director Green made a motion to approve this request as recommended by staff. Seconded by Director Dawes. Motion was approved by roll call vote, 5 AYES and 0 NOES.

20. Review and Discuss approving **Resolution No. 2016-22** and adoption of FY 2016-17 Operations & Maintenance Budget and approving, in concept only, FY 2017-18 Operations & Maintenance Budget as long-term planning.

GM presented the revised version of FY 2016-17 O & M Budget and Resolution adopting the budget. Review included prior workshop discussion of budget revenues and expenditures. GM described the need to consider approving the budget with a deficit balance in the Water Department account which is restrained by Board policy regarding use of connection fees as ordinary income.

GM indicated that overall the budget is balanced for revenues and expenditures with a projected net revenue at the end of FY 2016-17 that would form the basis for various fund account allocations, specifically vehicle replacement, capital projects, investment and capital reserves. GM pointed out that there are no planned or projected expenses for capital projects in the fiscal budget due to projected increases for legal expenses associated with the Steinbeck lawsuit and personnel matters which are unavoidable without changing circumstances.

Board briefly discussed their expected outcome for this item. All Board Members indicated that they may not yet be ready to adopt a budget for FY 2016-17 as recommended and asked General Counsel what their options are. General Counsel replied that Board could set a special meeting date before July 1st or shortly after that to conclude the FY budget; could, by motion and vote, consider continuing the existing FY budget for operations until the new budget is adopted or consider adopting the budget tonight if that is preferred by Board Members after its discussion and review.

GM was asked to make brief remarks regarding changes since last workshop on the budget. GM reviewed changes to each fund account that have been made and requested that the Board consider approving the budget as presented. GM indicated that if the Board could not conclude its review then consideration of continuing the existing operations budget is an appropriate action which should be done by motion and vote for continuing the existing budget until a new FY budget is adopted in July.

Board began its discussion and review of each fund account projected revenues and expenses with changes. GM was asked to support where adjustments were included or not included with an explanation of why adjustments were or were not done.

Each fund account, revenues and expenses were reviewed line item by line item by the Board.

Fund 10 Administration—Revenues were closely reviewed given the shift of district wide expenses into the account from other funds/departments to serve this rapidly evolving general fund. The review also included suggested lower General Counsel expenses, from \$185,000 to \$166,800 (revenues transferred by other fund accounts) to Fund 10. Budget changes reflect this information. The other expenses that would represent revenues to Fund 10 are the other district wide items that total \$101,666.

There was further Board discussion and review. No additional changes to Fund 10 revenues were noted.

Fund 20 Fire—Revenues were reviewed and no further changes were made by Board discussions.

Fund 30 Lighting—Revenues were reviewed and no further changes were made by Board discussions.

Fund 40 Wastewater—Revenues were reviewed and no further changes were made by Board discussions.

Fund 50 Water—Revenues were discussed, in light of the fund deficit. GM asked to revisit revenue calculations and to assure that water connection/hookup fees are not used as ordinary income. Item noted for follow-up.

Fund 60 Solid Waste—Revenues were reviewed and no further changes were noted.

Fund 10—Administration Department Expenses

Board began its discussion of fund account expenses but spent some time discussing Fund 10 expenses since there is a shifting or transfers in from other fund accounts to handle the district wide expense categories. After reviewing all changes, there were no further changes to Fund 10.

Fund 20—Fire Department Expenses

Expenses were reviewed by Board. There was discussion of changes made in follow-up to last workshop. GM explained that the changes requested at last meeting were not all made and explained which changes were either reduced from suggested figures or left as requested. The changes that were reduced was deemed appropriate based on historical data, further understanding and discussion with Fire Chief about a specific line item or a need to tighten the overall expenses that were not justified.

After further discussion by Board, there were additional changes to fire expenses noted for the final version of the budget. Changes to specific line items were noted for the final version.

Fund 30—Lighting Department Expenses

Expenses were reviewed by Board but no further changes were noted.

Fund 40—Wastewater Department Expenses

Board began a review of changes to budget. GM explained changes made indicating that this fund account represents an increase due to level of expenses dealing with repairs and maintenance for plant facility. As noted in last workshop, the plant facility and equipment is reaching or has reached an end of life that result in more and more cost for repairs, such as motors and pumps.

Board reviewed changes made and noted added changes for the final version of the budget. Added line item changes were noted for final version.

Fund 50—Water Department Expenses

Board began a review of changes to budget. Changes made were explained by GM. GM also pointed out that a deficit in this fund account is smaller than last workshop discussion but remains. The options to resolve this deficit, as GM explained, are to waive the Board's policy on actual water connection fees received being used for revenues to equal the projected expenses, OR to allocate an offset from Capital Reserves for same purpose of increasing revenue to meet projected expenses.

GM emphasized that increased costs associated with repairs and maintenance; particularly to aging infrastructure maintenance that has been deferred over time is now more costly. Any projected capital projects will need to be funded by grants, loans or Board approved appropriations for any such projects.

Board began its review and discussions. Board noted further changes for the final version of the budget to the GM. Further changes were noted for final version.

(continued on next page)

XII. BOARD COMMENT:

President Green asked the Board to consider setting a Special Board meeting date of July 29th in lieu of regular meeting date of July 28th due to a calendar conflict. Board has placed budget adoption for July meeting which can be done at this 29th meeting. Board

X.15.e

discussed availability of General Counsel at an afternoon session. General Counsel agreed to accommodate meeting time set by Board.

After brief discussions, the Board agree to hold a Special Board meeting on July 29th in lieu of the regular meeting set for Friday, July 28, 2016 at 2PM. Direction was given to GM.

There were no further Board comments or remarks.

President Green adjourned the meeting at 9:33 pm.