



SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
SEPTEMBER 22, 2016 MEETING MINUTES

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

I. Call to Order:

President Green called the Special and Regular Board Meeting to order at 5:11 PM

II. Pledge of Allegiance:

Director Kalvans lead the Board in the Pledge of Allegiance.

III. Roll Call: All Board Members were present.

III. Adoption of Special and Regular Meeting Agenda

A motion to adopt the Special and Regular Meeting Agenda as presented was made by Director Reuck, Seconded by Director Kalvans. Motion was approved by unanimous voice vote of Board Members.

IV. A. Public Comment and Communications (for items not on the agenda):

There was no public comment or requests to speak.

President Green announced now is the time to adjourn to Closed Session at 5:13pm for purposes of:

**1. CONFERENCE WITH DISTRICT GENERAL COUNSEL—Anticipated
Litigation**

Pursuant to Government Code Section 54956.7 (2) (d) (1 case)

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b) (1):

Title: General Manager

B. RECONVENE TO OPEN SESSION

President Green reconvene meeting to Open Session at 7:09 pm and announced a short break recess at 7:09pm.

C. REPORT OUT OF CLOSED SESSION

President Green reconvene the meeting to Open Session at 7:15pm and requested that General Counsel provide a report out of Closed Session

3. Report out of Closed Session by District General Counsel

District General Counsel stated that there was no reportable action out of Closed Session.

VII. Call to Order for Regular Board Meeting at 7:15pm

VIII. Public Comment and Communication:

Director Kalvans asked to read a written letter of special thanks into record from the Oak Shores Community Association thanking all local area fire departments and fire personnel for their service and assistance during the recent wildfire events.

There were no other public comments or requests to speak.

IX. Staff & Committee Reports – Receive & File:

Non-District 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
Director Kalvans gave a brief report on Council providing update information about the upcoming public hearings for the Community Plan and future discussion about the Wellsona/101 Interesection and safety measures for the intersection. Board members expressed interest in the any updates about the intersection and asked Director Kalvans to update them when appropriate.
5. Camp Roberts—Army National Guard
There was no report given.

District Staff & Committee Reports:

6. General Manager (Mr. Gentry)
General Manager Gentry reported that County would be considering the Community Plan revisions in October and early November. The DEIR was out for public review and comments. District will be submitting comments on DEIR focusing on water w, wastewater and fire service issues or concerns. There was no other remarks or reports given.
7. District General Counsel (Attorney White)
General Counsel had no report.

8. Utility Supervisor (Mr. Dodds)
Utility Supervisor Dodds stated that a written report was in Board packet and asked if there were any questions.

There were no questions.

9. Fire Chief (Chief Roberson)
Fire Chief was unavailable for meeting. General Manager stated that a written report was in packet. Assistant Fire Chief or GM will answer any questions. There were no questions.
10. District Engineer (Mr. Tanaka)
GM reported that the Engineer's written monthly report was included in Board's packet. President Green asked if future reports could include the date when an item on report was last updated. GM will follow with Engineer.
11. Finance/Budget Committee (Director Dawes, Chair)
Director Dawes reported that Committee report is in Board's packet and asked if there were any questions. There were no questions.
12. Organization/Personnel Committee (Director Green, Chair)
President Green reported that meeting was cancelled due a family death for a member.
13. Equipment & Facilities Comm. (Director Kalvans, Chair)
No Meeting Held.
14. Water Resources Advisory Committee (Director Kalvans, Rep)
There was no report given.

X. CONSENT ITEMS:

15. Board Minutes:
 - 15 a. Approval of Special Board Meeting Minutes for August 26, 2016
 16. Review and Discuss Finance & Budget Committee recommendation to approve August 2016 YTD and Monthly Financial Reports.

President Green asked if there was an item to be pulled for discussion, if there was nothing to be pulled then a motion would be appropriate.

There were no questions and no requests from public to speak in either item on Consent.

Director Dawes made a motion to approve the Consent Items as presented, Seconded by Director Kalvans. Motion was approved by unanimous voice vote of Board members.

XI. BOARD ACTION ITEMS:

17. Review and Discuss approving Resolution No. 2016-25 accepting and approving the Independent Auditor's report and Financial Statements for FY 2014-15

President Green asked GM to introduce this agenda item. GM stated a written report is included discussing changes to Auditor Management letter addressing Board prior questions. GM also indicated that Auditor, Mr Crosby is in attendance and available to present his audit findings and opinion on District financial conditions, which is unqualified.

Mr Crosby spoke briefly about his revised Management Discussion letter changes intended to address prior Board questions. In summary, he spoke about the higher quality of present District staff and his finding of no material concern or qualification for the 2014-15 Audit. He stated that his independent results agreed with the final year end balances of District books.

He spoke briefly about District needing to purchase a depreciation computer program so that District can set up a system and maintain it. Also spoke about GASB requirements, especially GASB 68 reporting to become a standardization with District accounting system.

Director Dawes asked Mr Crosby if there was anything unusual about the number of interfund transfers. Mr Crosby answered no, it is fairly typical in operation of public agency fund accounts.

Director Buckman asked about delays for getting audit finished and would it be same for 2015-16 year. Mr Crosby replied about the delays in getting prior auditor info for his review and use. Also indicated that he does not see any reason for a delay. He spoke about the required report to State due in near future which is important because there are penalties associated with not filing on time.

Director Kalvans asked if there was anything that District can do to assist. He also asked about the Management letter being different from the prior Bloomberg audit report. Mr. Crosby stated that yes it is because that is what the Board wanted but the District and its staff have made significant progress in straighten out accounting and finance. Mr. Crosby also answered that staff just needs to get the files requested to him for the preparation of the report.

Director Green asked Mr. Crosby about a capitalization policy, what is it. Mr., Crosby described the needed policy as a way to track and identify assets for depreciation and value. He also stated that this would tie to accounting procedures to reduce or eliminate outstanding aged checks which were evident in 2014 audit. Director Green asked if these were the same as "bad debt". Mr. Crosby stated no, they are not the same. The outstanding aged checks were attributed, mostly, to payroll checks that being cashed in a timely manner. These were stipend pays.

Director Buckman asked if there was any indication of vacation accrual or abusive usage. Mr. Crosby stated that he did not discover any abuse or overstatement of earned vacation accruals.

There were no further Board questions.

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

President Green asked if there was anyone who wanted to speak on this agenda item.

Laverne Buckman asked about what Mr. Crosby means when he talks about account reconciliation and needing an outstanding checks policy or reconciliation procedure. She commented that there are a lot of good comments in revised Management Discussion letter. The revision points to more to do for Finance & Budget Committee as well as staff.

There were no other questions or requests to speak.

President Green asked if there was a motion by the Board. Director Buckman made a motion to approve Resolution No. 2016-25 accepting the 2014-15 Financial Audit as presented, Seconded by Director Kalvans.

Motion was approved by a roll call vote of 5 AYES, 0 NOES.

18. Review and Discuss Resolution No. 2016-22 adopting the FY 2016-17 Operations and Maintenance Budget and approving for planning purposes the FY 2017-18 O & M Budget.

President Green introduced agenda item and asked GM to give staff report. GM stated that this latest version of budget reflects the recent discussions by Finance & Budget Committee to resolve salary questions for recommended new staffing and related expenses.

President Green also asked about use of a flex work schedule for Utility Services to eliminate call back, stand-by and overtime hours as more efficient.

GM replied that flex work week schedules will be included for new recruitment and employment. If flex work week schedule requires meet and confer with SLOCEA then District will do so.

Director Dawes, as F & B Committee Chair, spoke about this budget being most realistic budget in the past several years and supports GM recommendation for staffing, especially part time positions in Utility Services. He said that the best course of action is approve the budget as presented with the knowledge that the

amount of work done by staff and Committee is beginning to show benefit. He announced that the more data that is now entered in Black Mountain will be more and more beneficial.

On legal expenses, Director Dawes indicated that he would propose a 25% split from operating funds for Fire, Street Lighting, Water and Wastewater to support the legal expenses equally since the District as a whole, a single legal entity, is being involved with a lawsuit or legal proceeding.

Director Dawes also commented about the reality of the legal expenses and use of capital reserves to support those expenses. Should continue to look at means to cut expenses throughout the budget year. It will be important to look at the Prop 218 rate study process in this fiscal year and initiate whatever steps.

District General Counsel Schweikert spoke about the 218 process which may include a 5-year projection of rate adjustments that the Board ultimately may choose whether or not to do.

Public Comments:

President Green asked if there were any requests to speak on this agenda item.

Laverne Buckman asked for clarification on the proposed new staffing position, specifically whether or not these new employees would be part time or full time. She also commented that the fiscal year budget needs to be approved. She favors using a janitorial service as recommended by GM and Finance & Budget Committee and thinks it is a need step.

There were no other requests to speak.

President Green asked if there was a motion to be made.

Director Dawes made a motion to approve Resolution No 2016-22 adopting the FY 2016-17 Operations & Maintenance Budget with a change in legal expenses split from recommended to 25% for each operations fund account; to initiate 218 process this year and to look at new recruitment for Utility Services using a weekend coverage work schedule, Seconded by Director Kalvans. Motion was approved by a roll call vote: 4 AYES 1 NOES (Director Green).

19. Consider approving Resolution No. 2016-33 to form a Groundwater Sustainability Agency (GSA) pursuant to the State Groundwater Sustainability Act.

President Green asked GM to introduce the agenda item.

GM reported that this request is intended to determine whether or not the Board wishes to consider the formation of a GSA pursuant to the State Groundwater

Management Act. A written report in Board's packet explains the formation process and steps with reasons for District to pursue the GSA formation on its own, independent of the County's more recent efforts. The District formation would still require coordination and cooperation with other agencies in preparing and implementing an eventual plan to restore the groundwater basin overdraft condition.

The resolution in packet authorizes the District to provide a public hearing and noticing of intent to formation. Actual public hearing for formation would occur in October.

GM also reported that there are other adjacent agencies intending to form their own GSA's or already making progress on their GSP's, Groundwater Sustainability Plans for implementation, including Atascadero and Templeton agencies. City of Paso Robles is considering its own GSA formation.

GM asked if there were any Board questions.

President Green asked what benefit there would be to the District by doing the formation. GM replied that the initial benefits are local control over water resource/supply sources within District for ratepayers benefit; manage its own projects that can assist with basin restoration; assure the District that there is a GSA in place if no other GSA, by County, does not get formed and finally gives the District a continued seat and voice at the regional table and organization.

Director Kalvans stated that he is in favor but wanted to know more about the other GSA's being formed. GM replied that in addition to those mentioned earlier the new CSD agency being formed in Shandon will also be forming its own GSA. It had been reported that another new CSD for Estrella El Pomar Creston is also considering such a formation.

Monterey County, for their part in the Paso Robles Basin, has formed its GSA.

President Green asked GM how much time it would take to get the item ready for an OCTOBER hearing. GM answered that approximately four hours since most work is already completed.

There were no other Board questions.

Public Comments:

There were no public questions or comments.

President Green asked if there was a motion. Director Kalvans made a motion to approve Resolution No 2016-33 as presented by staff, Seconded by Director Buckman.

Motion was approved by a Roll Call vote of 5 AYES, 0 NOES.

XII. BOARD COMMENT:

Director Buckman asked if a future agenda item could be scheduled to discuss installation of vents in Apparatus Bay of the Fire Station with cost estimates.

Director Dawes questioned whether or not this needed to be an agenda item right away or if direction could be given to staff for getting the information and presenting it through Committee(s) and then to Board.

GM replied that if there is Board direction, staff will proceed with putting information together and presenting to Committee. There was concurrence by Board that direction should be given. GM indicated that this direction is sufficient.

There were no other Board comments.

XIII. ADJOURNMENT

President Green adjourned meeting at: 9:15 pm

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