

SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
May 31, 2018 SPECIAL MEETING MINUTES
MEETING HELD AT DISTRICT OFFICES
1150 MISSION STREET
SAN MIGUEL, CA 93451

- I.** Meeting Called to Order by President Green – 6:30 p.m.
- II.** Pledge of Allegiance: Director Green
- III.** Roll Call: Directors Present: Buckman, Green, Parent, Kalvans,Sangster

District Staff in attendance: Rob Roberson, Kelly Dodds, and District General Counsel Schweikert, closed session District General Counsel Siekaly.
- IV.** Adoption of Special Meeting Agenda:
Motion by Director Buckman to adopt Special Meeting Agenda as presented.
Seconded by Director Sangster Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT
- V.** **ADJOURN TO CLOSED SESSION:** Time: 6:32 P.M
- 1. CLOSED SESSION AGENDA: 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*
- VI.** **Call to Order for Regular Board Meeting/Report out of Closed:** District General Counsel Schweikert voiced that the Board of Directors voted to disclose the estimated cost of the next phase of the Steinbeck lawsuit. \$200k to \$250k
- VII. Public Comment and Communications:**
Laverne Buckman, San Miguel resident asked the Board of Directors if the public can be more informed about the Steinbeck case and about the cost to the District.
District General Counsel Schweikert, informed the public that the District is approaching trial in which they call phase three, to determine the water rights for the District. The Estimate for phase three is around \$200k - \$250k.
Director Green, voiced that the District has already spent 238k on the Steinbeck lawsuit with an estimate of 250k for phase three. Director Green informed the public that Paso Robles has spent 708k, Templeton 610k, Atascadero 637K.

VIII. Special Presentations/Public Hearings/Other:

1. PUBLIC HEARING FOR THE ADOPTION OF WATER AND SEWER RATES: Public Hearing closed on 5-24-2018 - Discussion being continued from May 24th, 2018 Board Meeting.

Pursuant to Article XIII (D) of the California Constitution that San Miguel Community Services District is holding a public hearing as part of the District's Board meeting to consider increasing its rates for water and wastewater services.

Item presented by Interim General Manager/Fire Chief Rob Roberson, notice that this is a continuation of discussion portion of the Public Hearing, continued from May 24th, 2018 Board Meeting.

Board Comment: Director Green voiced his concern with the percentage amount of the proposed increase and is still asking for something less. Director Green informed the Board and public that he had personally called Eric Helgenson from Bartle-Wells to get any information about lowering the rates anymore. Director Green, would like to see the first "Rate Tier" to be 0-6 Units, and keep the base charge at \$43.53, 7-12 units at \$4.76 and 12- up at \$7.95 and to look at Sewer Volumetric rate.

Director Green handed out an Exhibit "A" with his proposal. (*Exhibit "A" at district office*) no motion made.

Eric Helgenson, explained that the change would be a whole new Prop 218 process to base rates on a volumetric reading. Mr. Helgenson also explained that having one more unit in the base rate would reduce the revenue by 25k. Discussion ensued.

Director Kalvans voiced that he has heard from the customers and that they are not happy with the amount of the increase. Discussion ensued with Board of Directors discussing what can be done with the rates and what can't.

Public Comment: Nanette Roe, San Miguel Resident voiced that she would like to see the rates increase by \$2.00 to \$4.00 dollars a month. Mrs. Roe has spoken with the County and they said they do not want to take the District over.

Cyndi Vance voiced that she would like to know what the CSD is willing to give up, to meet the residence half-way.

Lisa King, San Miguel resident voiced that she has property and feels that it is too high and would not be able to make it. She voiced that she has cut back, and let things die.

Eva Arebalo, San Miguel Resident voiced that she feels that the District did not do their due diligence in informing the public about the Prop 218 process and feels that the District should have done more. Eva voiced that she feels that the attorney fees are high.

Crystal Lara, San Miguel Resident voiced that the Board of Director knew that the District was in a deficit for the last few years and did nothing to correct it. Mrs. Lara feels that the fees are going up to high.

Discussion ensued.

Board Comment: Director Kalvans voiced that sill 25% of customers voted against the proposed rate increase.

Director Sangster voiced that with all the proposed changes, the District would still be in a deficit. The District has had a rate study that has been given to us, and we need to work with in that frame work.

Interim General Manager/Fire Chief Rob Roberson, explained that the District has been working with a CPA and Auditors to clear out any of the previous management discrepancies. Mr. Roberson explained the reclassification of employees.

Director Parent read a statement on why he feels the District should pass the proposed rates and work within the Rate Study done by Bartle-Wells.

Motion by Director Parent to approve Resolution 2018-19 adopting new property-related fees for water and wastewater service as written.

Motion fails with no second

Motion by Director Kalvans to approve his proposal Exhibit "B" (*Exhibit "B" at district office*), proposal consisted of first year 70% water increase, and sewer 50% increase with second year adding a 55% water increase and 30% sewer increase. Director Kalvans would also like to have a river zone surcharge set at \$10.00 extra a month for that development. Develop an ordinance that explicitly prohibits the HOA from making lawns mandatory, and would like to have a Bond measure put on the 2018 election, with the money being used for facilities for a sheriff office. Start of new Sewer rates in July and Water rate increase to start in October 2018.

District General Counsel explained that the proposal would have to be looked at to see if it complies with the Prop 218 sent out by the District.

Motion fails with no second

Director Green voiced that he would like to think things through and have a SMCSO Budget workshop and review the SMCSO Purchasing Policy.

Director Green has consensus of the board, to have a SMCSO Budget workshop and review the SMCSO Purchasing Policy

Public Comment: Lavern Buckman San Miguel resident asked if Director Green was just trying to postpone the vote because Eric Helgenson of Bartle Wells, has gone over the Rate Study in detail with the options that are available to the District to become solvent.

Consensuses of the Board is to table/continue the Public Hearing to future Board Meeting to be determined, after having a SMCSO Budget Workshop.

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

X. CONSENT ITEMS: None

XI. BOARD ACTION ITEMS:

1. Review and adopt Resolution 2018-18 increasing connection fees for water and wastewater based on the recommendation by Bartle Wells. New connection fees would be effective July 1st, 2018

Item presented by Interim General Manager/Fire Chief Rob Roberson, explaining that the changes being proposed have been discussed by the Board with the rate increase. The recommendation is to raise the connection fees to offset some of the cost with the rate increase. This item was brought back because it was asked to have clear definitions for types of services.

Board Comments: Director Kalvans, thanked staff for providing the new definitions. District General Counsel Schweikert, informed the public that the Connection Fees can only be based on the amount that the new development would cost to maintain on the current system.

Public Comments: Nathen Dawes, San Miguel resident, voiced that he understands that there is a lot of new house, and would like to know what the District is going to do to get funding for the stress that the new developments might put on the current system. Director of Utilities explained that there are things that they developer has to do for the infrastructure within the development.

Cyndi Vance, San Miguel Resident asked what the number of house for full build out in San Miguel. Discussion ensued.

Motion by Director Buckman to approve adoption of Resolution 2018-18 increasing connection fees for water and wastewater based on the recommendation by Bartle Wells. New connection fees would be effective July 1st, 2018

Seconded by Director Sangster. Motion was approved by Vote of 5 AYES and 0 NOES and 0 ABSENT.

XII. BOARD COMMENT: None

XIII. ADJOURNMENT: @ Approximately 9:15 PM Adjourn sine die