



SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
JUNE 16, 2016 SPECIAL MEETING MINUTES

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

I. Meeting Called to Order by President Green—6:00 pm

II. Pledge of Allegiance: lead by Director Kalvans

III. Roll Call: Directors Present: Buckman, Dawes, Green, and Reuck. Absent: Kalvans

(Prior Notification that Director Kalvans would be able to participate from an out-of-state location via electronic transmission was unable to be achieved.)

Other persons in attendance: Laverne Buckman, Kelly Dodds and Michelle Heber

IV. Adoption of Special Meeting Agendas:

Motion by Director Buckman to adopt Special Meeting Agenda as presented. Seconded by Director Reuck. Motion was approved by vote of 4 AYES,) NOES AND 1 ABSENT (Director Kalvans).

V. Public Comment and Communications: Michelle Heber submitted a speaker's slip and asked to speak to the Board about District operations and other items concerning the fire department, General Manager and District in general. Ms Heber mentioned that the Board should be aware of how badly the fire department, particularly the Fire Chief treats people inquiring to be volunteers. She spoke about meeting, separately, with General Manager and had withdrawn her application for volunteer firefighter position/training.

She almost immediately began a use of profanity and tough language against the District Fire Chief, General Manager and anyone who was involved. She complained that the District Fire Department and Chief did not care to help people out, especially those in great need, including herself. Her use of profanity became elevated and agitated with final words aimed toward the Board Members using even more vile and intense profanity. She continued with name calling and besmirching of all Board Members in an obnoxious, foul, threatening language.

President Green gaveled her out of order and directed her to leave the room immediately. He made it clear and plain that his direction was final and directly caused by her continuing use of vile profanity that was insulting and obnoxious to all in attendance.

President Green announced a short recess at 6:07pm in order to assure and escort Mr. Heber off the premises. Utility Supervisor Dodds joined him.

Meeting session was resumed by President Green at 6:15 PM.

There were brief comments about the rudeness and questionable behavior. President Green offered an apology to audience.

VI. Board Workshop – FY 2016-17 and 2017-18 Budgets (continued from June 9, 2016 meeting)

President Green announced that this item was a continued item from the Board meeting of June 9, 2016 and asked GM to make a brief presentation then Board can begin its discussions of the preliminary FY 2016-17 budget. GM spoke about the changes that were made after last week's budget workshop. GM also pointed out that the Water Department Fund Account remains a deficit to be resolved. He stated that overall the projected budget is balanced with a net income at projected year's end. He pointed out the Black Mountain System Report were easier to read and understand. Notes were added to line item expenses and revenues to identify where there were transfers out and in to fund accounts as well as explain various expense items.

At conclusion of short remarks about changes, GM asked the Board to continue its discussion on a fund account by fund account discussion.

Expenses:

Fund 10—Administration Department

Board noted changes to Fund 10 that included adding district-wide expenses that have been allocated, in the past, to various fund accounts in the Budget. GM pointed out that those expenses represent a total of \$100,000 plus. The expenses for District General Counsel are also exclusively allocated to Fund 10 but have been changed to a projected \$180,000. The breakdown of fund transfers in would be based on the Board split percentage formula of 16.5% for Fire, 3% for Lighting, 40% for Wastewater, 40% for Water and 0.05% for Solid Waste. This formula would be used for the general district wide expenses transferred into Fund 10 Administrative Department. Need to have the final budget show transfer in and out of both revenue and expense accounts so that Board and any one from public can understand where the funds are accounted for.

Director Dawes asked that the Board stipend amount be adjusted to actual expense of \$6,500 instead of the \$8,000 shown. He also asked to increase printing to \$500. There was discussion about the ongoing I T services but projected costs of \$4,800 should remain since that figure is based on basic service fees of Mr. Mapalo for those ongoing services for the year.

He also asked to consider lowering the advertising costs to \$200 instead of the requested \$525 unless justified by GM. GM answered a question related to costs for Black Mountain depreciation schedule module to purchase by stating there is a pressing need to acquire this module to organize fixed assets and capital equipment to set up and establish an amortization schedule for annual audit and tax reporting on an ongoing basis. This deficiency has been noted in past audit reports and will continue until a formal depreciation schedule is acquired and used to account for these fixed assets and capital equipment values.

Board discussed changes made and asked GM to revisit the expenses to verify totals and to see where further changes could be made, especially legal costs.

Fund 20—Fire Department

Director Dawes wanted to discuss aggregating all Black Mountain System maintenance costs into Fund 10. Board discussed and agreed. There were also added discussions about all line items for repairs and maintenance. Board asked for added notes to various line items to show justifications for expenses.

There were discussions about increasing the contribution by Fund 20 for vehicle replacement from proposed to \$30,000 and reducing EMS supplies to \$2,000.

Board asked that all line items that were zero or had no history of past expenses, not be shown on final version of FY budget, especially in the Fund 20 account.

Fund 30—Lighting Department

Director Dawes asked why the line item for salaries and wages is so high. GM explained that a portion of GM salary is ascribed to this account as an expense.

After some discussion, the Board agreed to reduce the line item for utilities—electric expense from \$20,000 to \$16,000 based on historical information for that item.

GM was asked to explain why there was a vehicle replacement line item expense for this account when there are no vehicles for this department. GM indicated that the formula percentage split was applied to show pro-rata share of expense. Board discussed and agreed to modify the expense to a zero based on no apparent need for vehicle replacement by this account.

Director Dawes questioned the need for a capital outlay expense of \$9,500. GM and Utility Supervisor both explained that there is a need to convert existing street light lamps to LED. This allocation would achieve conversion of street lighting to LED. Board agreed to keep as presented.

Director Green announced that he was leaving (at 7:45 PM) and turned the gavel over to Vice-President Reuck to finish the meeting. Board continued its workshop discussions.

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Fund 40—Wastewater Department

Director Dawes restated the need to eliminate any and all “dead categories” from final version of budget and asked to have GM revisit the projected payroll expense costs, taxes, benefits and retirement, for each fund account.

There were additional discussions about the various repair line item expenses and the need to show further justification and/or reductions to projected expenses particularly for these types of categories. Feeling of the Board was that these types of expenses are too often going unsubstantiated and unsupported which may leave too much room for accurate accounting and use of expenses.

Board discussed a question by Director Dawes about lowering the projected vehicle replacement line item to \$5,000, Board discussed and agreed to lowering. Item adjustment was noted.

Fund 50—Water Department

Director Dawes asked that the retirement line item expenses be re-verified and adjusted if needed. He believed that it was too high or needed further explanation/notes to budget justification. Item was noted for possible adjustment.

There was additional discussion about the testing & supplies line items for total operations and for individual wells. Utility Supervisor was asked to elaborate and explain the past approach and why it was broken down in that manner.

GM was asked to provide breakdown of testing line item expenses by individual wells and for total system. Item noted for possible adjustment.

Utility Supervisor was asked by Director Dawes about the line item expense for equipment & supplies. Supervisor indicated that over the past years this line item was used for replacement parts involving pumps, motors, switches and various other water equipment. He stated that the historical figures were much higher than shown for projected costs. He believed that the amount should be \$8,000, not \$800, which looked as if a zero was missing.

Board asked GM to provide additional support information about parts and for chemicals purchased by Water Department. Item noted for possible adjustment and added notes.

Director Dawes asked about the water meter replacement line item, particularly can the funds for this expense come from the separate water funds that were originally intended as the source of the meter replacements. GM answered that the funds for these expenses have, historically, been used from that separate bank account. If the Board wants to use all of the currently available funds in that existing bank account for meter replacement this FY then those figures can be used for this line item expense. Board discussed and agreed. Item noted for adjustment.

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X.15.b

Fund 60—Solid Waste Department

There was some discussion about the line item expense for salaries, which the GM explained was a portion of GM's salary that, like the Lighting Fund, handles a share of GM salary.

There was a brief review of Revenue projections by Board. Director Dawes questioned that the CDBG projected revenues for Fund 20—Fire. GM explained that the line item revenue is for the recently completed fire hydrant replacement CDBG project. The County must provide reimbursement for up to \$105,000, the grant award amount, in the FY 2016-17 since the final accounting of expenses had not been completed in prior fiscal year.

There were no further questions or comments.

Board requested that GM prepare all necessary changes and bring final version of FY budget to Board for action in July.

XII. BOARD COMMENT:

Director Buckman asked about the breathing apparatus becoming operational. Utility Supervisor explained that the compressor is scheduled to be installed with electric work done in July.

Director Buckman also asked if there was a means to adjust or pay back the fire expenses by other CSD fund accounts for those times when CSD personnel responds to a fire call out. GM answered that specific procedures for accounting purposes would be needed as well as specific Board policy development. Staff would evaluate and advise Committees, as may be needed and the Board.

There were no further Board comments.

Vice-President Reuck adjourned the meeting at 10:09 PM.

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