



SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
August 26, 2016 SPECIAL MEETING MINUTES

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

- I. Meeting Called to Order by President Green—12:02 pm
- II. Pledge of Allegiance: lead by Director Kalvans
- III. Roll Call: Directors Present: Buckman, Green and Kalvans. Absent: Dawes and Reuck

District Staff in attendance: General Manager Gentry, District General Counsels Schweikert and Seikaly, Utility Supervisor Dodds (in open session only)
- IV. Adoption of Special Meeting Agendas: Motion by Director Kalvans to adopt Special Meeting Agendas as presented. Seconded by Director Buckman. Motion was approved by vote of 3 AYES, 2 ABSENT and 0 NOES.

Directors Dawes arrived—12:04pm

- V. Public Comment and Communications: None
- VI. President Green announced that meeting was adjourning to Closed Session at 12:05 pm to consider:
 - A. **1. CONFERENCE WITH DISTRICT GENERAL COUNSEL—Anticipated Litigation**
Pursuant to Government Code Section 54956.7 (2) (d) (2 cases)
 - 2. 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 1:04 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 Regular Board Meeting to Open Session order at 1:05 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 a verbal report given by General Manager about monthly meeting of the Advisory Council activities. This month, the Council was receiving an update by County Planning on the Community Plan DEIR.
5. Camp Roberts—Army National Guard—There was no report given.
6. General Manager’s Report
General Manager Gentry reported that the County is proceeding with setting up a GSA and has established a technical group of eligible agencies/districts personnel, such as SMCSO. There is a great deal of uncertainty about how to proceed, what are the costs, who is willing to participate and what does it mean to individual agencies and districts. Also there are new water districts being formed for Shandon and Estrella areas that are being included with this working group. GM advised that ongoing updates will be provided to the Board but District Board will be asked at a future meeting to consider separate action in order to maintain local management of SMCSO water supply via local control.

GM also advised that the County has released a Draft EIR for the San Miguel Community Plan. District will be providing written comments for the Draft EIR as it may affect District services. There were no other items reported.
7. District General Counsel Schweikert stated that there was nothing to report.

Director Reuck arrived late—1:21 PM.

8. Utility Supervisor Dodds stated that a written report of monthly activities and projects is included with Board packet. There were no Board questions about the submitted report.
9. Fire Chief Roberson stated that a written report of monthly activities and hours are included in Board packet. Director Green asked questions about the hours listed in report under Personnel section and asked if the Chief could provide a further breakdown of emergency, non-emergency and drill times. Chief indicated that he will provide a more detailed breakdown in future reports. There were no Board questions about the submitted report.
10. District Engineer Report by Steve Tanaka is attached. If the Board has any question then GM would provide follow-up responses. There were no questions.
11. Finance/Budget Committee Chair Dawes reported that Committee met in August and has provided a written report from meeting in this Board packet. He asked if there were any questions. Chair Dawes did indicate that F & B Committee was asked to reconsider the recent janitorial services at its next meeting before proceeding with an agreement. There were no further questions.
12. Organization/Personnel Committee Chair Green stated that the Committee's scheduled meeting was cancelled due to death in family of Director Kalvans. Next meeting is scheduled for September. There were no questions.
13. Equipment & Facilities Committee Chair Kalvans reported that there was no August meeting scheduled due to death of a family member. Chair Kalvans asked Director Reuck to confer with him after meeting to set a September date. There were no questions.
14. Water Resources Advisory Committee Representative Director Kalvans stated that there was nothing to report.

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 Kalvans asked if F & B Committee was supporting the financial report in the Board's packet. Chair Dawes state that they were in support as presented.

Director Kalvans made a motion to approve the Consent Calendar Items, 15-16, as presented. Seconded by Director Dawes. Motion was approved by 5-0 voice vote.

XI. BOARD ACTION ITEMS:

President Green asked if there were any items to be pulled out of order. Director Dawes requested that Item 19 be pulled out of order to allow the Fire Chief to leave early due to duty

requirement. He made a motion to pull this Item out of order and make it #17, first action item, seconded by Director Kalvans. Motion was approved by a unanimous voice vote of Directors present.

19. Consider and Discuss Proposed Reactivation Plan for Monthly Siren Alerts

President Green introduced Item #19, as pulled out of order, and asked for staff's presentation of written report. GM introduced the topic and provided staff recommendation. Fire Chief Roberson was asked to provide details of the written report in Board's packet. Chief stated that he had spoken with an electrician about what it would take to reactivate the siren system at the Old Fire Station for monthly alert signalization. Chief said that electrician advised that an initial estimate for re-activating the siren could be a few thousand dollars as described in the submitted report. He also stated that this cost does not include installation expense and is not included in the FY budget. If the Board decides to go forward, then an appropriation from reserves would be required.

Assistant Fire Chief Dodds expanded on the discussion by pointing out that the number of 911 calls to emergency dispatch could likely increase because people would not recognize or realize that the system was an alert notice. District would also have to include the Office of Emergency Services in prior notice as well as work with them in advance of re-activation and operation of the siren.

President Green asked if the Directors had any questions for staff or wanted to make a motion. Director Buckman stated he would like to know what Director Green wanted to do since he asked for this discussion. Director Green replied by saying he did not believe the District could afford to do this reactivation this year. Director Green also asked Fire Chief who would be in charge of making system work, if Board decides to do so. Chief stated that one of the Captains, a firefighter and Assistant Fire Chief as administrator.

President Green asked if there was anyone wishing to speak to Board about this item. There were no request to speak and no comments given.

President Green asked if there was a motion to be made, if not, then he would announce the next agenda item. There was no motion made.

17. Consider approving Resolution No. 2016-29 appropriating funds for replacement of water line project on K Street between 12th and 13th and relocate 1 fire hydrant on L Street between 13th and 14th Streets.

President Green asked staff to introduce this item.

General Manager introduced the item for discussion and asked Utility Supervisor Dodds to make the presentation of request and give staff's recommendation. Utility Supervisor Dodds stated that the submitted written report details the request, staff recommendation to approve and

reasons why. He spoke about the pending park improvements to be made by the County Public Works crew and the conflicts with District water and sewer systems and facilities on K Street between 12th and 13th, and a relocation of 1 fire hydrant on L Street. County would begin its project work in November of this year. District facilities should be replaced and relocated prior to their beginning construction work in order to avoid extra costs of doing the work later.

He also described briefly the staff level work done between County and District which has resulted in lowering costs by reducing the general construction work to be done by County. Also indicated that these discussions have begun early and are being done very differently from past discussions with County about their public works projects in District. He asked if there were any Board questions.

Director Dawes asked about past excavator rental costs that may not have been included in the written report. Utility Supervisor Dodds spoke about the number of times that he could recall when an excavator had been rented and described the efforts that had to be made in each circumstance, i.e. travelling to pick up the equipment, not being able to rent a unit at all, and the amount of time waiting for a delivery, by the vendor, of the equipment. He also described past Board discussions about purchasing an excavator unit which never seemed to make it successfully.

Director Buckman commented that he is in favor of buying an excavator but wanted to know if staff had looked a used one versus a new one. Utility Supervisor Dodds replied that we had but determined that a used one, which is generally less money, could be an ongoing maintenance costs quite easily. Also we won't know "what problems or real conditions we were inheriting when buying such a used unit. Director Buckman also asked if we had checked to see if we could get the use of one of the County's excavators for the pending project. Mr. Dodds replied that he had not called or checked because in the past, the County had indicated they do not lend out equipment. Director Kalvans stated that it was about time the District purchased it's own excavator.

President Green asked if there were any public requests to speak or comment about this item.

Laverne Buckman stated that she believed that it is a good idea to buy an excavator, instead continuing to rent this piece of equipment.

Joe Parent asked if the District has a trailer to haul the unit around. Staff replied that the District does own a trailer that can be used.

There were no further public questions or comments.

President Green asked if there was a motion by the Board. Director Dawes made a motion to approve Resolution No 2016-29 authorizing an appropriation of \$20,000 from Water Capital Reserves to fund this construction project, Seconded by Director Kalvans. Roll call vote was taken. Motion was approved by vote of 5 AYES and 0 Noes.

18. Review and Discuss a Change Order request for Tesco Controls, Inc. for Change Order #1 to install backup floats at the wastewater treatment plant wet well at a cost of \$2,800.00 to SCADA system.

President Green asked staff to introduce this item.

General Manager introduced this agenda item and gave brief statement regarding staff's recommendation for the request to approve Change Order #1 to install a backup float system in wet well at Machado WWTP. GM asked Utility Supervisor to provide added background information for Board's discussion.

Utility Supervisor Dodds provided a brief background information statement regarding the need for Change Order request. He indicated that the written report in Board's packet is detailed and asked if the Board had any questions.

Director Dawes asked if the condition of telemetry was known or not. Utility Supervisor replied that the condition was not known and was not anticipated to be an issue with the SCADA installation. He spoke briefly about the purpose of the backup system floats and importance.

There were no further questions.

President Green asked if there was anyone in the audience wishing to speak on this item.

Laverne Buckman asked if the Board is aware of any other things not working at the WWTP. Utility Supervisor replied that there are no anticipated issues to resolve at the facility.

Joe Parent commented that it is apparent that the new SCADA installation is working out the "bugs" operationally and finding these unanticipated issues is not uncommon in his experience.

There were no further questions or comments.

President Green asked each Board member to make comments or statements, if they wanted. All Directors commented that they were in support of doing the Change Order for the operational reasons stated in the report.

President Green called for a motion. Director Reuck made a motion to approve Change Order #1 as presented and recommended by staff, seconded by Director Dawes. Motion was approved by roll call vote of 5 AYES, 0 NOES.

20. 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 staff to introduce this item.

General Manager introduced this item for Board discussion and gave a brief statement of staff recommendation to accept the FY 2014-15 Audit Report. GM also asked Mr. Crosby,

Independent Auditor to present the audit to the Board and indicated that a written report and copy of the Audit report was a part of the Board's packet.

Mr. Crosby gave a brief background of his findings but in summary, he was pleased to report to the Board that the ending balance in his report was same as the District's accounting ledgers. He also stated that there is no qualified findings for the Final Audit and asked if there were any questions by the Board.

Director Buckman stated that last time Auditor did an audit for District there was a lot more details and findings, why were there no such questions or comments this time. Mr. Crosby stated that the previous auditor prepared a management letter that was consistent with a federal or state agency audit. His opinion is that the District does not need such a detailed management letter for an unqualified statement regarding the FY 2014-15 Audit. He indicated that the GM and staff will have to complete an internal control questionnaire that he will need for his side of the audit process. He also spoke about his working here all day on Wednesday. He restated that FY 2014-15 ledger balances, his audit and District books agree which is important to finalizing this audit.

President Green asked if there were any other Board questions. There were no further questions.

President Green asked if there was anyone wishing to speak on this item.

Laverne Buckman stated her disappointment about not having a more comprehensive management letter that would point to or point out any internal control issues to solve or circumstances that are not addressed. She encouraged the Board to get those answers before accepting the audit report.

There were no further requests to speak or public comments.

President Green asked if the Board had any further questions or wished to make comments.

Director Kalvans stated that he wants to see a more detailed management letter addressing any internal control issues seen by the Auditor during this process. This detailed letter should be reviewed and understood before the Board accepts the FY Audit.

Directors Buckman and Dawes echoed these remarks. Director Green stated his preference to have the opportunity to review any management letter details, like the previous auditor had done for the District. Director Dawes asked Mr. Crosby if the interfund transfers were normal or exceptions. Mr. Crosby stated that the interfund transfers are a normal part of operations. There was nothing unusual about them since they were appropriately documented.

President Green stated his preference to continue this agenda item to allow Mr. Crosby to prepare and submit an expanded management letter, and to work with GM on getting this done.

Other Directors indicated their desire to review an expanded management letter prior to accepting the final audit report as well.

Director Dawes made a motion to continue this item until the regular September Board meeting so that Mr. Crosby can make amendments to his management letter addressing questions and comments made this evening, seconded by President Green. A voice vote on motion was taken. Vote was 5 AYES and 0 NOES to continue until the next Regular Board meeting in September.

President Green introduced the next agenda item.

- 21.** Consider and Discuss approving **Resolution No. 2016- 30** adopting a revision to District Personnel Guidelines and Procedures Policy.

Staff recommended that the Board of Directors continue this agenda item until the September Board meeting to allow General Manager and District General Counsel to complete its assessment of meet and confer comments received prior to Board consideration and action.

President Green made a motion to continue this item until the regular Board meeting but consider scheduling a special meeting if possible, seconded by Director Reuck. A voice vote on motion was taken. Motion was approved by 5 AYES, 0 Noes vote.

President Green introduced the next agenda item.

- 22.** 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.

General Manager and Director Dawes, as F & B Committee Chair introduced item which included recommended action to approve **Resolution No. 2016-22** adopting the FY 2016-17 District O & M Budget and approving for planning purposes only the FY 2017-18 O & M Budget.

Director Dawes spoke about the changes that had been made to revenue and expense line items but there was still a structural deficit to key fund accounts that can only be resolved by use of reserves. He pointed out that what is being discovered is the apparent need to begin a cost of service or rate study done. He commented that our rates are either the lowest or nearly the lowest in the area. Our costs are shown that providing the services is unsupported by current rates. He also discussed the question of whether or not the Board wants more “trimming” or ?. Board indicated trim if needed but present a realistic budget, no matter how “horrible” it may be.

He also reinforced GM prior comments about the driver of extraordinary legal expenses that are occurring, especially the unpredictability of the Steinbeck case ending real soon.

There was a brief discussion about where adjustments had been made but there was a need to do a little more. Director Dawes commented that the Board might want to refer this item back to F & B or assign himself to work with GM in resolving before Board consider adoption. He indicated that his work schedule and personal matters caused a conflict that prevented an opportunity to “sit down” with GM in Q & A session.

Additional discussion was made about better proofreading this document. President Green stated his preference for referring this item to Director Dawes and GM to resolve and get it done before getting it back to the Board.

Other Directors gave similar comments. Director Dawes stated that Board should give direction to staff about preparing an RFP for a rate study as soon as possible.

President Green asked if there was anyone wishing to speak or comment on this item.

Laverne Buckman stated her support for referring this item to Director and GM to work out.

There were no further public comments or requests.

President Green stated his preference to refer this item to Director Dawes and GM to finalize before next meeting. He made a motion to do this referral, seconded by Director Dawes. A roll call vote was taken. Motion was approved by 5 AYES, 0 NOES.

XII. BOARD COMMENT:

President Green asked if there were any Board comments. Director Dawes stated that he is available for F & B Committee meeting on September 8th. Director Buckman agreed to that date for next F & B Committee. GM was so directed.

Director Kalvans asked Director Reuck about his availability for a E & F Committee. After a short discussion, it was decided to meet and confer with GM after Board meeting was concluded. Director Kalvans also asked about having an agenda item to discuss formation of a GSA for October or earlier, if possible. After the Board meeting, it was agreed to meet on September 14th at noon. President Green asked Director Kalvans about his availability on September 8th, pm after the F & B Committee meeting for O & P Committee meeting. Both agreed to date and time. President Green requested that an item to include is a discussion/review of property identification and policy/practices used by District. GM was so directed.

President Green asked the Board to comment on the need for separate Board sessions for completing action on the FY Budget and the Audit. Board discussed and agreed to meet on September 15th at 6pm with closed session for GM performance evaluation with Personnel Policy and Drug & Alcohol Policy being the open session agenda items. Board also agreed to use the regular meeting date of September 22nd for discussion of FY Budget and Audit Report with closed as needed for legal cases or other

MEETING WAS ADJOURNED AT 8:59 pm

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