



SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
NOVEMBER 17, 2016 SPECIAL AND REGULAR MEETING MINUTES

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

I. Call to Order:

Meeting called to order by President Green at 6:11 PM

II. Pledge of Allegiance:

Director Buckman asked to lead the Pledge of Allegiance.

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

District Staff Attending: General Manager Gentry, Fire Chief Roberson

Others in Attendance: Board of Supervisor Mecham, Administrative Assistant to Supervisor Vicki Shelby

III. Adoption of Special Meeting Agenda

Director Buckman made a motion to adopt Special and Regular Meeting Agenda as presented, Seconded by Director Reuck. Motion was approved by voice vote of 4 AYES, 1 ABSENT and 0 NOES.

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

There were no public requests or persons wishing to speak to the Board.

President Green announced the Closed Session and adjourned at 6:17 PM

VI. ADJOURN TO CLOSED SESSION:

A. CLOSED SESSION AGENDA:

1. DISTRICT GENERAL COUNSEL PERFORMANCE EVALUATION—

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

Title: District General Counsel

B. RECONVENE TO OPEN SESSION

President Green reconvene to open session at 6:56 PM.

VII. Call to Order for Special Board Meeting – OPEN SESSION

President Green called meeting back to order at 7:03 PM. He requested General Counsel to report out of Closed Session.

C. REPORT OUT OF CLOSED SESSION

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

VIII. SPECIAL PRESENTATION—APPRECIATION FOR PUBLIC SERVICE

President Green announced that now is the time for special recognition and appreciation for years of public service by outgoing Board of Supervisor Mecham. There were several Board members making comment about the years of public service and dedication by Supervisor Mecham and Administrative Assistant Vicki Shelby. Each were provided and received certificates of appreciation from the Board of Directors for their public service and years of dedication to assisting the community of San Miguel and residents of the First District.

President Green announced a brief recess to accommodate a celebration refreshment and cake at 7:06PM.

President Green reconvened the open session at 7:16 PM

President Green announced that now is the time for any person to address the Board on any Agenda item or ask any questions.

IX. Public Comment and Communications:

Laverne Buckman, resident and member of Discover San Miguel, advised that there were some people contacting her about the Community Plan. She spoke about the changes being made to Plan, such as the co-terminus boundaries with the CSD, the changes in densities, and some land uses. She mentioned the upcoming Board of Supervisors hearings for the final decision.

There were no other public requests or persons wishing to speak to the Board.

X. 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 reported that meeting was rescheduled for November 30th.
5. Camp Roberts—Army National Guard—There was no report given.

District Staff & Committee Reports:

6. General Manager Gentry

GM reported recent changes in State law about mandatory Board training will take effect in January 2017. General Counsel will be presenting changes and discussing schedule for required Board training scheduled for 2017.

Also related to new laws, there are several going into effect in 2017, a comprehensive recount of those laws affecting special districts will be provided by General Counsel right after the first of the year.

7. District General Counsel (Attorney White)

There was no report given or provided by General Counsel.

8. Utility Supervisor (Mr. Dodds)

General Manager indicated that Utility Supervisor was on vacation and a written report was submitted as a part of the Board's agenda packet. He asked if there were any questions about the report.

Director Dawes noted that there was no report on arsenic levels and asked about it being missing. GM replied that the arsenic lab results and report had not been received as of the date of this meeting. Normally, District receives the lab reports on or about the 20th of the month.

He also asked if a report on status of SCADA installation being finalized can be provided with next monthly report. GM replied that the information will be provided.

Joyce Terriera, resident, asked to speak on this item. She spoke about recent ban on fracking and impacts to drinking water wells and wanted to know if there were any impacts from fracking to District water supplies.

Director Kalvans replied that there are no fracking operations within the District and no known impacts to our supply source. He spoke about bans in Monterey County to the north.

There were no other public comments or questions.

9. Fire Chief (Chief Roberson)

Chief stated that a written report is included with Board Agenda packet. He mentioned that most of the volunteer now on the roster have less than 2 years of service, which means training is a high priority. He pointed out that drill attendance is off percentage wise and as well as response to calls. This is something he is addressing with volunteer crew members. He asked if there were any specific questions by Board.

Director Green asked about the hours for Fire Chief and Assistant Fire Chief

Chief replied that Assistant Chief did 20 days of coverage and corrected that part of written report.

Director Dawes commented that overall calls seemed to be down in volume. Chief responded that the volume of calls is down, which has typical in the fall/winter seasons.

Laverne Buckman asked the Board about the call volumes and how they are tracked. Chief responded on behalf of Board and indicated that a log of volunteer times for call outs and who is responding is maintained with individual names and signatures.

There were no further Board or public questions regarding the Chief's monthly report.

- 10.** District Engineer (Mr. Tanaka)
GM stated that the monthly Engineer's Report is included in the Board's Agenda packet and asked if there were any Board questions. GM indicated that the Report includes an indicator on when the report information was last updated as requested by the Board.

Director Kalvans asked how this report compared to the Utility Supervisor's report. GM replied that there is similar information regarding projects and will serve status but added information is specific to capital projects being worked on.

Director Dawes asked about the Inactive Will Serve letter for the laundromat business and asked to receive added information and explanation about the status and whether or not either Inactive Will Serves are likely to be reinstated or have to apply for a new Will Serve at some time in the future. GM stated that added information will be provided in next monthly report.

There were no further Board or public questions regarding the Engineer's monthly Report.

- 11.** Finance & Budget Committee (Chair Dawes)
Chair Dawes spoke about the Monday, November 13th meeting. He stated that the Committee is still working on a "fix it" mode but progress is occurring with closer and closer results in accounting data. The Committee wants to do a review of standard operating procedures for accounting and has asked staff to include for future Committee review and discussion.

Laverne Buckman, resident, commented that it is essential that the Committee review the standard operating procedures with staff, not to override but understand what is being done and how data is processed.

There were no further Board or public questions regarding the Finance & Budget Committee verbal report.

- 12. Organization/Personnel Committee (Chair Green)**
Chair Green stated that the written report by Committee is in the Board's Agenda packet and asked if there were any questions by Board members.

There were no further Board or public questions regarding the Committee's submitted monthly Report.

- 13. Equipment & Facilities Committee (Chair Kalvans)**
Director Kalvans stated that a written report by Committee is in the Board's Agenda packet and asked if there were any Board questions.

There were no further Board or public questions regarding the Committee's submitted monthly Report.

- 14. Water Resources Advisory Committee (Director Kalvans, rep.)**
Director Kalvans verbally reported that no meeting was held in past month but there is an IRWM meeting scheduled for tomorrow morning to consider funding allocations for region. He reported that there is still a lot of infighting about the appropriation splits being discussed.

There were no further Board or public questions

XI. CONSENT ITEMS:

15. Board Minutes:

President Green asked if there were any items to be pulled for discussion. If not, he would accept a motion to approve **Consent Items, 15 a. and 15 b.** as presented.

Director Kalvans made a motion to approve Consent Items 15 a. and 15 b. as presented, Seconded by Director Reuck. Motion was approved by 5-0 Ayes voice vote.

XII. BOARD ACTION ITEMS:

16. Discuss Salary Adjustment for non-management, non-confidential staff members eligible for step increase in compensation

President Green asked General Manager to introduce this item for discussion. GM Gentry gave a brief overview of the written report in Board's Agenda packet. The updated report is concerning salary adjustments for 2 eligible employees based on satisfactory work performance. The Utility Operator 2 position is eligible for a merit (step) increase based on a satisfactory work performance rating/evaluation. This change would be retroactive to July 1st based on delays in processing at the Committee level which were the result of family death and lack of quorum.

The Bookkeeper/Accounting position is an adjustment to the Step 1 Compensation Schedule which brings the position into alignment with the present District compensation schedule which had been in transition at time of hiring. The recommendation for a salary adjustment is also based on a satisfactory interim or progress work performance evaluation, not an annual one.

GM discussed the projected fiscal impact of these changes which had been calculated and included with the FY budget figures and indicated that this request had been reviewed and discussed by Organization & Personnel Committee without any recommendation to the Board. The Finance & Budget Committee also reviewed this request and made a recommendation to the Board to approve the requested salary adjustments as presented.

Director Dawes asked about the projected cost as presented, specifically whether or not those figures included District contributions as may be required. Wants to see more information before acting on these proposed changes were made by Board. He questioned whether or not there should be any retroactive pay and believed that change in pay should be effective with Board's decision date, not the date of performance evaluation reviews.

Director Kalvans cautioned the Board about using any names for discussions and indicated his concerns that salary raises are the cause for rate increases in water and wastewater charges.

Director Buckman stated that Utility Operator 2 should have received a merit increase in July and is concerned that this delay may cause other effects or impacts. He is not in favor of delaying these adjustments, especially the Operator 2 position.

Director Reuck spoke in favor of the Utility Operator 2 position adjustment being made retroactive to July 1st since that is when it was scheduled. He understands the nature of the delays but the employee should not be penalized.

Director Kalvans further commented that these salary adjustments should be done since they are consistent with policy and brings everyone in line with policy.

Director Green spoke about the numbers given as not actual costs and wants to see the actual figures before agreeing to salary adjustments as presented. He stated he believes the effective date should be when the Board approves but will support the Board's decision in this matter.

President Green asked if there were any public comments or questions before the Board considers action.

Public Comment:

Laverne Buckman, resident, stated that it is unfair to Operator 2 position to make the adjustment effective when the Board reaches a decision; should be retroactive as recommended. Should follow the compensation schedule as policy.

There were no further public questions or comments given.

President Green asked if there was a motion to be made. Director Buckman made a motion to approve Resolution No 2016-36 with modification to authorize the salary adjustment for Utility Operator 2 retroactive to September 1st with additional information brought back at next Board meeting regarding the full costs and to consider the second position at that time, Seconded by Director Dawes with an amendment to retroactive date to be July 1st for the Utility Operator 2 position. Amendment by Director Dawes was accepted by Director Buckman, President called for roll call vote. **Motion was approved by a 5 AYES, 0 ABSENT, 0 NOES.**

17. Review and Discussion of Existing District Contractual Agreements.

President Green asked General Manager to introduce this item for discussion. GM Gentry gave a brief overview of the written report in Board's Agenda packet. The report represents a comprehensive review of existing contractual agreements for professional services utilized by the District.

GM provided details about this first "global" review of existing service-related agreements. The purpose of this review is to provide a comprehensive report and status of these existing contractual agreements and to do so on a regular basis. The District has entered into a number of professional contractual service agreements since its formation in 2000. This is the first of planned regular reviews of contractual agreements by the Board and the Organization & Personnel Standing Committee at its November 4, 2016 meeting.

GM gave a brief overview of the existing service related agreements currently in effect. GM highlighted the written report details concerning the 3 categories of service agreements: Legal, Accounting/Finance and Professional Services. He described each service agreement in detail for Board discussions and highlighted areas where there were feasible options or actions to be considered for the District.

GM pointed out that legal services with present firm is approximately one year and satisfactory performance has been realized. There are options for controlling some of legal expenses, including the expanded use of electronic technology for video conferencing.

GM next pointed out that accounting/financial services currently provided are for the annual audit. He stated that the Board and Finance & Budget Committee have all stated their frustration and disappointment in the performance of the present auditing firm, including late delivery and slowness to initiate current audit work. GM stated that "as difficult as it may be, there is a need to make a change in these services using the RFP process for soliciting new services after terminating the present contract.

GM described the existing professional service agreements in effect for Administration, Engineering and Fire. GM pointed out that the Engineering agreement, current one, since 2014 but the Wallace Group has provided these services since the District formation in 2000.

District has begun an RFP process to evaluate potential new engineering services available. The direction of the District has evolved given the need for future GSA functions as well as evolving utility services and management needs. GM stated that he anticipates bringing recommendations

on this matter forward to the Board as early as January. The option here was described by GM to add value to the District and potentially lower hourly rate costs wherever possible.

Fire protection services, as described by GM, include the Fire Chief and Assistant Fire Chief contract positions. The Chief has an existing 3-year agreement but the Assistant Chief negotiations have been stalled for some time. Both positions are essentially on call basis but the Assistant Chief position is held by a District employee. There are options available to these services which need to be evaluated by Board unless the Board chooses to continue negotiations on Assistant Chief contract terms. The multi-functional duties are not ideal to any agency, regardless of size but circumstances may dictate such a use. When possible and feasible an agency should examine option that break apart such multi-functional duties, especially to preclude any potential conflicts of interests.

GM next discussed the alternatives available for each category and presented recommendations for consideration and discussions. GM asked the Board if there were any questions regarding the report or analysis.

Director Kalvans stated his support to make a change in auditing services and to make any selection process a “fast track”. He also stated that it is important to hear an overall consensus by the full Board on these matters.

Director Dawes stated his ongoing frustration and disappointment about the financial auditing services and agrees that it is time to make a change. He asked for feedback about terminating the current agreement, specifically if there are any current charges due to auditor.

Director Buckman commented that the Fire Department needs to be strengthen because there is a continuing need in the community for services. He wants to see the Board keep that in mind in its discussions. He stated reluctant support for making auditing service change. He spoke in favor of changing the engineering services, especially if there can be added value of services rendered and achieve a lower hourly rate cost.

Director Green stated his concerns about fire expenses, especially for the contract positions but favors changing the auditing services immediately and exploring other engineering services as well. He agrees with GM assessment about splitting multi-functional duties especially for fire services. He views the Chief and Assistant Chief positions as the 2 most important positions when there is an incident response being made. “one or both of those positions should be making the response calls received since they have the greatest depth of experience and knowledge.”

Director Green urged fellow Board members to look at the additional changes and accountability that can be achieved by splitting the multi-functional duties.

Board discussed with Fire Chief what implications are there if multi-function duties are split. Chief Roberson replied that his and Assistant Chief are contract positions and there is logic to doing a

contract agreement since the Assistant Chief is also a District employee and generally available for emergency calls during the weekday hours. He will work with GM to provide some options.

Board questioned the Chief about when most calls are occurring for our responses. Chief re-described his monthly report statistics as an indicator. Chief pointed out that some multi-functional duties occur simultaneously for the Assistant Chief and in his District employee status.

Director Green questioned how there is accountability for time spent in each functional duty. Chief described the incident log tracking that is done but admitted that there were other duties done which involved multi-functions. He suggested that if cost is a factor that the Board explore the possibility of paying part of salary costs from Fire Department budget. He believes that the District and residents would lose the present response benefit associated with Assistant Chief position.

President Green asked if there were any public requests to speak on this matter.

Public Comment:

Laverne Buckman, resident, stated the fire coverage and services is more than the “Assistant Chief/Utility Supervisor position”. She commented that the Board, in its examination, fully examine what responses are being made; the times and days of responses and how would coverage be handled. She hopes that the Board considers all the information before acting. She stated that a change in auditing services is needed, regrettably.

President Green asked if there were any further Board questions or comments. He also asked GM if there were specific actions needed at this meeting. GM responded that if there is consensus and support for the actions needed on auditing and engineering services, then the follow-up will be to proceed with RFP processes and bring recommendations to the Board.

GM stated that if the Board needs additional information regarding the discussions about options for fire services, coverage then that should be continued for a follow-up Board meeting in January.

Board members agreed that the need for making changes in auditing and engineering are worth exploring, especially terminating existing audit services for poor performance is warranted.

President Green stated that the Board should look at the options available for fire services but favors an evaluation of splitting the multi-functional duties currently performed in order to achieve added value to the District and most importantly, accountability and transparency.

Board agreed and gave direction to General Manager to bring back additional information on options for fire services and provide new information regarding engineering and auditing services. Board requested that these items be brought back in January for further consideration and/or action.

18. Review and Approve Resolution No 2016-37 adopting District Strategic Financial and Capitalization Policies

President Green asked General Manager to introduce this item for discussion. GM Gentry gave a brief overview of the written report in Board's Agenda packet. This item was reviewed by F & B Committee at its October 25th meeting and provided a recommendation that the Board approve the Policies but also recommended that Board consider some modifications during its discussions.

GM Gentry reported that the need for a capitalization policy documents was made evident during the recent financial audit and would help the District address specific GASB requirements.

Director Dawes pointed out that the F & B Committee recommended that the Board discuss some modifications, especially regarding the estimated useful lives as described for assets on page 3 of the policy document. He also pointed that these policies will improve the District's future audit statement by removing past "dings" for GASB statements required.

Board members discussed modifications to the asset class useful life periods as lead by Director Dawes. Board discussed changing building class from 40 years to 80 years; modifying furnishings to a range of years instead of a fixed period of 10 years; changing the office equipment as a class to a range of 5-20 years instead of a fixed period of 5 years; modifying the time period for wells from a fixed period of 25 years to a range of 25-40 years, and added an asset class for fire apparatus/vehicles with a range of 10-20 years.

President Green asked if there were any public questions or comments on this item. There were no requests to speak or comments made.

President Green asked if there was a motion to be made. Director Reuck made a motion to accept the amended useful life periods discussed by the Board and modify the Capitalization Policy accordingly with the approval of Resolution NO. 2016-37 adopting these policies, Seconded by Director Kalvans. **Motion was approved by a roll call vote by 5 AYES, 0 NOES and 0 ABSENT.**

XIII. BOARD COMMENT:

President Green asked if there were any Board comments to be made. Director Dawes commented about first year Directors should not being Board President because there is a lot to learn. He found it so and strongly urged fellow Board members to weigh this suggestion in the upcoming new Director terms.

He also asked that the next Finance & Budget Committee agenda include a review of standard operating practices for finance/accounting.

XIV. ADJOURNMENT:

President Green adjourned the Board meeting at 9:54 PM.

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