

SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
JULY 25, 2019 REGULAR MEETING MINUTES
MEETING HELD AT DISTRICT OFFICES
1150 MISSION STREET
SAN MIGUEL, CA 93451

- I.** Meeting Called to Order by Vice President Green – 6:30 P.M.
- II.** Pledge of Allegiance lead by Director Green.
- III. Roll Call:** Directors Present: Green, Sangster, Parent, Palafox, and Kalvans
Director Kalvans arrived at 6:43 P.M.
Directors Absent: None
District Staff in attendance: Rob Roberson, Tamara Parent, Kelly Dodds, Paola Freeman, Scott Young, and District General Counsel Seikaly & White
District Staff Absent: None
- IV. Adoption of Regular Meeting Agenda:**
- Motion by Director Sangster to adopt Regular Meeting Agenda
Seconded by Director Parent Motion was approved by Vote of 4 AYES and 0 NOES and 1 ABSENT
- V. ADJOURN TO CLOSED SESSION:**
Closed Session convened at 6:32 p.m.
- A. CLOSED SESSION AGENDA:**
- 1. CONFERENCE WITH LABOR NEGOTIATORS** (Pursuant to Government Code Section 54954.5(f) and Government Code Section 54957.6)
Unrepresented Bargaining Units: Non-Management Non-Confidential Unit and Non-Management Confidential Unit
 - 2. CONFERENCE WITH DISTRICT GENERAL COUNSEL-ANTICIPATED LITIGATION**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:(1 case)WO

VI. Call to Order for Regular Board Meeting/Report out of Closed Session: 7:01 P.M.
Report out of closed session by District General Counsel Seikaly, Direction was given to Interim General Manager.

VII. Public Comment and Communications for matters not on the Agenda: Richard Smithen San Miguel resident voiced his concerns on the purposed Cannabis facility on River Road at the old Pretty Smith Winery. Director Kalvans asked if there was anything the District could do, because of potential chemical runoff. Director of Utilities Kelly Dodds explained that the District doesn't have purview of stormwater run-off. Laverne Buckman San Miguel resident had questions regarding the District authority within the boundaries. Director Green asked District Counsel Seikaly if she had comments on this issue. Counsel Seikaly voiced that she would have to look into it and did not want to speak without being sure. Director Sangster asked that she look into if the Board has any oversight with the cannabis regulations. Discussion ensued. Assistant Fire Chief Scott Young informed the Board that the only authority the District has is Fire, Life & Safety reviews. Mike Sanders San Miguel Resident, business owner, and President of the San Miguel Advisory Council voice that the San Miguel Advisory Council approved a resolution that does not allow hemp or cannabis within 1000ft residences. Discussion ensued about County ordinances. The Facility proposed is 13 of 62 acres. Board of Supervisors will have a Public Hearing on August 22nd at 9 A.M in San Luis Obispo. Owen Davis San Miguel Resident asked about the agenda item from the previous agenda regarding Job description for Wastewater and voiced that "there is a director that will need to recuse himself". Mr. Davis brought in a "Dig Bar" and wanted to see what kind of dig bar was purchased by The District. Discussion ensued with Point of Order called by Interim General Manager Rob Roberson. President Green thanked Mr. Davis for his comments and asked to move on. Michael Durant, the new pastor at the Community Church introduced himself and voiced that he had come from the Fresno area and has seen how cannabis facilities have become a problem there. Cynthia Krouse San Miguel resident informed the Board of Directors that there is a tree growing between her fence and District Well #4 and asked that it be removed due to the tree causing damage to her fence. Director of Utilities voiced that he would have a tree service look at it.

VIII. Special Presentations/Public Hearings/Other: None

IX. STAFF & COMMITTEE REPORTS:

- | | |
|---|---------------------|
| 1. San Luis Obispo County Sheriff | No Report |
| 2. San Luis Obispo County Board of Supervisors | No Report |
| 3. San Luis Obispo County Planning and/or Public Works | No Report |
| 4. San Miguel Area Advisory Council | Mike Sanders voiced |
| he spoke about the Cannabis resolution previously. | |
| Board Comment: None | |

Public Comment: None

5. **Camp Roberts**—Army National Guard (LTC Horvath) No report
6. **Interim General Manager:** Interim General Manager/ Fire Chief Rob Roberson, gave a verbal report. Mr. Roberson updated the Board of Directors about an email scam that was going around and that the District IT has looked into it and spoke briefly about the Interfund Loan that will be brought to the Board in August.

Counsel Seikaly left and Counsel White took over Approximately 8 P.M.

Mr. Roberson has also talked with Elizabeth Kavanagh regarding the San Miguel park and the plan for the improvement. She stated she was holding workshops to talk about the community design that is required for the grant process. There will not be another meeting before the grant application is due on Aug 5th. She will learn if San Miguel is awarded the grant sometime at the end of this year. She said it's a 50/50 chance of getting the grant and the priority was to redo the pool area. Interim General Manager/ Fire Chief Rob Roberson also updated the Board on the future items for the agenda. The Auto Aid agreement has been updated with County Fire. The changes made were the level of response and an extension of the boundaries within the 101 corridors from Wellsona to Exline Road.

Board Comment: Director Kalvans voiced that he did not have confidence in the County regarding the San Miguel Park.

Director Green asked for clarification about the rumors of taking over the San Miguel Fire Station #1 and old Jail. Interim General Manager/ Fire Chief Rob Roberson explained per his conversation with Mrs. Kavanagh the County has no plans to remove either at this point.

Public Comments: Laverne Buckman San Miguel Resident voiced that she feels that Elizabeth Kavanagh has done a good job for San Miguel and would like to give her credit.

7. **District General Counsel:** Presented by Counsel White. ChurchwellWhite, LLC. Counsel White and voiced nothing to report.

Board Comments: None

Public Comments: None

8. **District Engineer:** Written report submitted as-is. Dr. Blaine Reely and asked for any questions.

Board Comments: Director Parent asked about the Water Conservation group meeting that was attended. Dr. Reely explained that Director of Utilities Kelly Dodds and Accounts Manager Tamara Parent attended to get information about the grant monies for water conservation that the SLO County has to offer. The District will be helping get the word out by placing information into the District's monthly billing notifying customers about the "Cash for Grass" program. The District is looking into projects that might benefit the District.

Public Comment: None

9. **Director of Utilities:** Written report submitted as-is. Director of Utilities Kelly Dodds updated the Board that the District that both Utility personnel will be taking the Wastewater exam in October. Mr. Dodds explained the purchase of the digging bar.

Board Comment: Director Green asked about the other variations in fees and voiced that he feels that the new sewer facility plan is extravagant. He sees that other facilities are

out of compliance and nothing happens to them. Director Green would like to see that low-income developments have priority.

Public Comments: Laverne Buckman San Miguel resident asked about what happens to the customers that are past due 30 days. It was explained that by the due diligence of the front office and get them paid. Mrs. Buckman voiced that the increase was not noticed to the public enough and that the sewer increase will bring in extra money to the district. Discussion ensued about the review of the rate increase. Director Green would like to relook at the way the increases would be implemented. Mrs. Buckman voiced that she feels that the new Wastewater facility is extravagant, and she is concerned with the Wastewater cost increase. Director of Utilities Kelly Dodds explained that the reasons for the increase were included in the 2018 Rate Study and was anticipated for the new Wastewater facility that would have to be constructed. Mr. Dodds explained that Dr. Reely has gotten grants and that we have a basic skeleton of the overall construction plans. The District is in the design plan stage and those plans are at the State for approval.

Board Comment: Director Green voiced that he feels that the District needs a work plan. Director Parent voiced that the Wastewater master plan is the work plan.

District Engineer voiced that when the design is done that, he has no problem sitting down and going over the plan with the Board of Directors.

- 10. Fire Chief:** Fire Chief Rob Roberson, submitted the report as written. Chief Roberson updates the Board of Directors that the fire department responded to 46 calls in July. The San Miguel Fire Department honored Gilbert Buckman for 60 years of service on July 20th at the Rio Caledonia and wanted to thank the San Miguel Firefighters Association

Board Comments: None

Public Comment: None

X. CONSENT ITEMS:

1. Review and Approve Board Meeting Minutes

- a) 6-19-2019 Regular Meeting Minutes
- b) 6-27-2019 Regular Meeting Minutes

Board Comment: Director Kalvans would like to vote items separately

Public Comment: None

Item A

Motion by Director Sangster to approve item a

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

Item B

Director Sangster asked for a correction on page 5 item number two, need to change not to excide amount to “not to exceed”.

Motion by Director Sangster to approve Item b with amendments to page 5.

Seconded by Director Green. Motion was approved by Vote of 4 AYES and 0 NOES and 0 ABSENT 1 ABSTAINED.

XI. BOARD ACTION ITEMS:

- 1. Review, Discuss, Receive and File the Enumeration of Financial Report for JUNE 2019.** Item was presented by Bookkeeper Paola Freeman, staff report submitted. Mrs. Freeman voiced that she would like to ask for a \$25,000 Budget adjustment so they could get their work done and so she would not have to worry about the CPA coming into help get the accounting done. Mrs. Freeman explained that Mrs. Cramer also helps the Utility Billing and has fixed some issues. Director Green voiced that Mrs. Cramer had been invaluable to the District and doesn't understand what complaints could be made with a cost of \$6,000 for two years. It was explained that it is not \$6,000 it is \$86,700. The District CPA cost was explained by Mrs. Freeman that of the \$86,000 paid to Cramer and Assc. they have helped recover \$31,000 to date and are expecting to recover more. Mrs. Freeman explained that the District has straightened out payroll and tax payments. The District has received a "clean opinion" in the last few District Audits. Discussion ensued about cost and budget adjustment.

Mrs. Freeman voiced that Laverne Buckman, had come into the office and asked about adjustments for \$26,000 and reviewed that they are adjustments made by the Accounts Manager Tamara Parent. It was explained that they are listed as adjustments, but they are "Auto Distributes" that is for customers that pay extra, and the system auto distributes the overpayment to the correct fund.

Board Comment: Director Green feels that the CPA has been invaluable to the District and there is a budget item – Professional Services Accounting.

Director Green asked that if she has been here for two and a half years, is there a budget line item. District Bookkeeper voiced that yes, and voiced that she doesn't know where all this is coming from and she is hearing monthly that "it's costing so much money and board members are upset". Director Green asked if anyone would like to weigh in.

Interim General Manager/ Fire Chief Rob Roberson voiced that he has not heard anything from any board members, and he has no issues himself.

Director Sangster voiced that the Board does need to look at the cost of \$86,000 and feels that it will not be at that cost in the future. Discussion ensued. Interim General Manager/ Fire Chief Rob Roberson explained that they have reconciled 3 years' worth of financials, and once the new fiscal year and thinks that the financial will be reviewed monthly by the CPA and then have her come in quarterly. Discussion ensued about asking for \$25,000.

Director of Utilities voiced that the line item is \$24,000 for the year.

Director Kalvans voiced that he thought that the Accounting Services Budget line was for the Auditor. It was explained by Mr. Dodds that it is for the District CPA and District Auditor.

Director Parent voiced that he would divulge his comment from closed session, explaining that he has voiced his concerns about how much has been spent without a “Request for Proposal”.

Director Kalvans asked if the Districts Purchasing Policy require us to go out for an RFP. Interim General Manager/ Fire Chief Rob Roberson explained that in the beginning, the CPA was brought in to do a specific issue. The CPA has extended their services, due to items we didn’t even know we needed. Bookkeeper Paola Freeman explained that the board needed to remember how bad things were from the previous management and that the only reason that Cramer and Assoc. are willing to work with San Miguel C.S.D is because she had personnel business with them and that she personally called them up and asked for them to come in and look the Districts financials. Interim General Manager/ Fire Chief Rob Roberson explained that they had called other CPA offices and they would not show up.

Director Kalvans asked about an RFP and the District Policy requiring the significant cost associated with the CPA and would like to have a review of the policy.

Director Green voiced that he needed a consensus of the board.

Director Kalvans asked that if there is a budget adjustment, he would like to see it come back.

Public Comment: Laverne Buckman voiced that it is nice to be able to come into the District office and ask questions. Mrs. Buckman is excited about seeing the new fiscal year reports statements and will be able to follow with the budget reports. The “Cash Report” is extremely important and would like the board to follow along monthly.

Motion by Director Sangster to Receive and File the Enumeration of Financial Report for June 2019

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

The consensus of the Board is to review the Purchasing Policy and Sole Source vendor at November Regular Meeting.

2. First reading of proposed ORDINANCE 03-2019 SMCS D Wastewater Code

Item was presented by Director of Utilities Kelly Dodds explaining that this is the first reading of the proposed ordinance and asked for any questions.

Board Comments: Director Sangster asked about the empty sections. Director of Utilities Kelly Dodds explained that the empty sections are for future regulations, giving the example of the recycled water.

Director Sangster also asked about page 55, section 8.3.7 with a high priority on low-income housing. Mr. Dodds explained that it is for new developments and is just the preferable path.

Director Kalvans thanked the Staff for bringing the Wastewater code into modern times. Director Kalvans asked about the sewer laterals and Mr. Dodds explains that the District is

not responsible for sewer laterals, the District responsibility is the sewer main. Private lateral sewer lines up to the main are the responsibility of the property owners.

Public Comments: Laverne Buckman San Miguel resident asked for clarification on the Public Hearing. Mrs. Buckman voiced that the District should be relooking at the "San Miguel Community Plan" that was passed by the County of San Luis Obispo Board of Supervisors on December 2016 by Resolution 2016-306. Mrs. Buckman explained that the plan has higher income sections to help offset the low-income sections and voiced that she feels that low-income housing should not have priority. Mrs. Buckman feels that there are lots of rules, and a ton of regulations that are extensive and are being integrated into the new Wastewater Facility; for example the treatment of the wastewater for water and feels that it is a water issue. The terrace doesn't pay for sewer, but they get the benefits and voiced that she feels that it is unfair.

Discussion ensued about the "sewer discharge station" Septic Dumping and why it is in the proposed Wastewater Ordinance.

Fred Costner San Miguel Resident, asked if the current wastewater system accommodates for the dumping of septic waste? Director of Utilities Kelly Dodds explained that currently, we do not accept septic dumping. Mr. Costner explained then, that Mrs. Buckman's concerns about the Terrace not paying should not be a concern due to them not accepting at this time. Director Green voiced that when the terrace has septic pumped, they do pay dumping fees to the entity that pumps the septic tanks. Mr. Costner asked if there was a way to maybe make monies off dumping, in the future. Discussion ensued. Director of Utilities Kelly Dodds explained that the Wastewater Code is current regulations and that if a thing like the "chemical dumping" isn't in the code the District has no recourse. Discussion ensued about taking septic material and charging a fee in the future for dumping.

Information Item Only

3. Discussion on the status of assuming maintenance of landscaping at specific locations within the District

Item presented by Director of Utilities Kelly Dodds explaining that this item was brought back per board consensus. Mr. Dodds explained that he has talked with Mike Sanders, LAFCO, and SLO County Water Conservation. LAFCO has no issues with the District taking on landscaping powers they just requested that they are informed, and a resolution be passed. The San Miguel Chamber did get an estimate to repair the irrigation on Mission St. estimated cost would be around \$53,000 and the grant is for \$20,000. Director of Utilities Kelly Dodds explaining that the conversation with San Luis Obispo County Water Conservation group was positive but wanted clarification on who is the grant monies going to, the District or the Chamber. Discussion ensued about the type of landscaping pipe was put in and the type that would be replacing the defective pipes.

Board Comment: Director Sangster asked about the cost proposed in the staff report and wants to know if all three sites would take more than an hour a week.

Director Green asked why we would even propose putting district employees on the freeway for the Discover San Miguel gateway sign landscaping.

Director Kalvans voiced that the Lighting Fund is in good shape and would like to propose funds in the Budget.

Director Green asked to get more information.

Director Parent asked for a status update on the lighting in town that has been approved.

Director Green asked for an estimated cost to replace the proposed lighting that has not been approved yet. Voicing that 24 to be converted and 10 new poles and 20 on old poles. Park and Ride and cost analysis for everything on the list, including the east side of Mission Street.

Director Sangster asked about the bidding process for contractors and the County Contract. Director Sangster asked about the street light on Verde, and if that light was scheduled to be fixed.

Public Comment: Owen Davis San Miguel Resident voiced that he feels that the District should hire a landscaper.

Laverne Buckman San Miguel Resident explained the background with the landscaping on Mission street. Mrs. Buckman voiced that in the Cash Report that light fund had \$480,000. Mike Sanders San Miguel Resident, business owner, and President of the San Miguel Advisory Council voice that the Chamber has put a lot of money and grant money into the Mission Street landscaping and that the pipes are under the sidewalk. Mr. Sanders voiced that the C.S.D is the only entity in San Miguel that has money and the beautification of the community is important. Discussion ensued about the history of the landscaping.

The consensus of the Board is to have additional information on potential maintenance costs as well as what projects and costs the Lighting department already had planned at the next regular meeting.

- 4. Discussion on the status of Machado Wastewater Treatment Facility expansion and aeration upgrade project.** Item presented by the Director of Utilities Kelly Dodds, explaining that the Facility is at 85% capacity. The work on the layout of the plant is continuing and will come back to the board with plans. Dr. Reely and Mr. Dodds have been meeting with all the entities and feel that they are very positive about the facility. There has been confirmation on SRF funds for design and construction drawings for \$250,000 and are working with a \$177,000 grant at this time from IRWM for engineering and groundwater study.

Board Comment: None

Public Comment: None

Information Item Only

- 5. Review and approve Resolution 2019-28 approving a rate increase for construction hydrant meter usage from \$4.63 per HCF to \$5.01 per HCF to be effective August 16th, 2019** Item presented by Director of Utilities Kelly Dodds explained that this is a similar request as last year, and with the water rate increase that has gone into effect on July 16, 2019, this will keep hydrant meter up to date with that increase. Mr. Dodds explained that all Hydrant customers have been notified.

Board Comment: None

Public Comment: None

Motion by Director Sangster to approve Resolution 2019-28 approving a rate increase for construction hydrant meter usage from \$4.63 per HCF to \$5.01 per HCF to be effective August 16th, 2019

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

XII. BOARD COMMENT: Director Palafox asked about the Father Reginal Park, and who it's maintained by? Maintained by the Native Sons of Golden West, and SLO County pays for the water service.

Director Green asked that staff work getting a letter drafted about no debit card for any district bank accounts, and have it sent to Pacific Premier Bank

Director Green also would like to have the Wilson Creek MOA on the next agenda.

XIII. ADJOURNMENT TO NEXT MEETING 08-01-2019 Special Meeting:

Approximately 10:45 P.M