

SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
MARCH 9, 2018 SPECIAL MEETING MINUTES
MEETING HELD AT DISTRICT OFFICES
1150 MISSION STREET
SAN MIGUEL, CA 93451

- I. Meeting Called to Order by President Green – 6:00 p.m.
- II. Pledge of Allegiance: Director Kalvans
- III. Roll Call: Directors Present: Buckman, Green, Parent, Kalvans, Sangster

District Staff in attendance: Rob Roberson, Kelly Dodds, and District General Counsel Schweikert
- IV. Adoption of Special Meeting Agenda:
Motion by Director Sangster to adopt Special Meeting Agenda as presented.
Seconded by Director Kalvans Motion was approved by vote of 5 AYES and 0 NOES and 0 ABSENT
- V. **Public Comment and Communications (for items not on the agenda):**
No public comment.
- VI. **ADJOURN TO CLOSED SESSION:** None
- VII. **Public Comment and Communications:**
Laverne Buckman, San Miguel resident voiced that the Board of Directors, should send a thank you letter to the county board of supervisors for voting against the Estrella-El Pomar-Creston Water District formation.
- VIII. **Special Presentations/Public Hearings/Other:** None
- IX. **Staff & Committee Reports – Receive & File:** None
- X. **CONSENT ITEMS:** None
- XI. **BOARD ACTION ITEMS:**
 1. **Review and adopt resolution 2018-13 authorizing Staff to prepare and deliver a Notice of Public Hearing to consider water and wastewater user fees Pursuant to Proposition 218, and to increase water and wastewater connection fees.**

Item presented by Director of Utilities Kelly Dodds and Eric Helgeson from Bartle Wells. Mr. Dodds was asked by President Green to read the full staff report aloud for the public. Eric explained the process that the rate increase must abide by through PROP 218.

*(Staff Report and Bartle Wells PowerPoint is in meeting 3-9-2018 on District website: sanmiguelcsd.org)

Board Comment: Director Sangster, asked about the Capital Reserves for Water and Sewer differences? District Engineer explained, that the amount the District needs is due to the cost with necessities and time frame that the projects are needed. Example given was that on the Wastewater Treatment side and the treatment facility is in need of upgrade. With a Wastewater plant upgrade there is re-permitting and the District has already spoke with the State Regional Water Quality Control Board and the discharge requirements will need to be improved significantly. The other costly project is pipes in the ground that are well past their service life and are causing significant costs for maintenance. Director Sangster asked about the timing and if these things need to be done all at once? Eric Helgeson explained that, it is an over-time thing because it is hundreds of thousands a year and frankly the District just doesn't have the amount of discretionary dollars that is needed. The District is looking at doing maintenance in a shorter amount of time and looking at a USDA loan with good interest rate, allowing the year by year amount to be spread out and not waiting on the project.

Director Sangster asked about grants and what is being looked at for these projects.

Director of Utilities Kelly Dodds explained that for the Wastewater side the District is looking at a potential grant for around 750k-1M dollars to help pay for a treatment plant. Grants are not guaranteed until they are in hand, so although we are considering that in this rate plan. The District is looking for funding all the time, but the San Miguel Wastewater Treatment Facility needs to be worked on now. Mr. Dodds reminds the Board that these numbers are the maximum that rates can be raised in five years. With Water Capital the District has pulled a couple of projects that can be postponed like the water treatment for this plan and will be relooked at when requirements change.

Director Buckman, asked if some of these increases can be deferred? Eric Helgeson explained that he does have a proposal that is 90% / 25% / 15% the good part of this alternative option is the flexibility the bad part is that the District would not have the reserves built up to start projects. Eric explains, the different plans through his PowerPoint (pg. 25) discussion ensued.

Director Buckman voices he opinion that the increase is too steep. Eric explains his opinion and that this is where the District is at and it is not fun for anyone, and anything less than what is proposed the District will still be in a deficit.

Director Sangster, asked Eric Helgeson to explain what would happen if the District went with this lower proposal and something happened? Mr. Helgeson, explained that if something happed and the District would have to dip into the already low funds or borrow from another fund and that would have to be paid back to that fund with interest or go get a high interest loan. Discussion ensued

Director Kalvans thanked the community for showing up. Mr. Kalvans asked Eric under residential connections why, if district has standard rate why would that be included? It was explained that it was a cleaning up issue and has to do with "residential" doesn't have the same requirements as "nonresident" do for fire line connection requirements.

Director Kalvans asked about the proposed lift stating in the riverbed for the new housing development, it was explained that to offset the cost the District is proposing a zone fee, and that the development that is being discussed is a Peoples Self-Help development and also a private development. Discussion ensued Director Kalvans asked to hear for the Public, before he has anymore comments or questions. Director Kalvans feels that there are other options to finance of the Capital Reserve.

Director Green thanks Eric Helgeson for all his work. Director Green voiced that he feels that the staff should relook at the tiers and how they increase from \$4 to \$8 very quickly.

Public Comment: San Miguel Residence Richard Walker, Teckie Foster, Amber Scangarello, David Murrell, Richard Smithen, Cordelia Perry, Owen Davis, Terry Gore, Jessica Peckham, Aimee Nemke, Sonia Ornelas, Nanette Negrete, and Cindy Vance has public comment on item XI-1.

David Murrell. asked why are we raising the rates, and why we have a 200% raise and can't be a 50% raise.

Richard Smithen asked if we cut back the use of the water and the raise would just be a minimum bill and asked if that would hurt the district. Mr. Smithens voiced that he was concerned with everything is going up, example was given about PG&E. The water tank on the hill was a federal grant and explained that he was on the board at that time, and explained that the board agreed to pay back this loan agreed to raise the water rates \$5 to \$10 a month a year, but the Board felt bad and listened to many people and never raised the rates like they were supposed to. If the Board of Directors had raised the rates like they it was directed the District would not be in this position of having to raise the rates so drastically.

Cordelia Perry asked about PSHH and explained that she feels by her calculations that the district has received \$18,272.00 per house and asked where all that money is that got collected. Currently the resident pays a minimum of \$14.69 for water & \$37.09 for sewer and feels that the new increase is too much. She feels that the District needs to relook at the Budget because residence have done their part. Discussion ensued.

Owen Davis thanked Cordelia Perry and agreed with her statements.

Terry Gore had questions about the grants that were discussed and when the district might know for sure if the grant would be awarded to San Miguel. Mrs. Gore also asked if anyone has considered putting a special assessment on tax bill. Question about \$71.32 being the flat rate plus on Page 25, and is there any new building going on in San Miguel that can be counted on for connection fees.

Teckie Foster, asked for some clarification. She voiced that she would like to know what the minimum bill will be for residence. She also agrees that the rate increase is too high, she voiced her disapproval on how the past Board of Directors did not do their due diligence.

Amber Scangarello, voiced that she has moved here about one year ago. Amber questioned the force of green lawns by the HOA and voiced that she did not agree with the amount the rate increase would be and it would be a hardship for her family.

Jessica Peckman, voiced that she feels that the community doesn't have the same services as the other communities have on the comparison slide, and asks that the Board take that into consideration.

Board Comment: Director Kalvans, thanked the community for coming to the meeting. Director explained that he understands the frustration. He feels that the rate increase is too high and feel that the increase can be done over a few years. He also thinks that a Bond measure would work to help with Capital projects. He has also asked that staff consider looking into forming a AB2 Redevelopment Agency to finance infrastructure. Director Kalvans asked Legal to look into this AB2. District transparency issues need to be looked into by staff. He would also like to look at reestablishing the Finance & Budget Committee.

Director Buckman feels that the increase should be less then proposed.

Director Green thanks the community and voices that the he would be looking at every option.

Public Comment: Cordelia Perry asked for clarification on if both the water and wastewater need to be increase? Director Green explains that yes, the discussion was on both raising water and wastewater rates.

Director Green explains that the sewer plant needs to be upgraded and it is because of the new developments.

Cordelia Perry spoke of the development fees.

Discussion ensued. About fees and developments, and the District infrastructure.

District Counsel explained that all Districts are having problems. Mr. Schweikert, also explained that the state of California has asked everyone to conserve water and it is a catch twenty-two because, if you cut back then not as much money is being collected. All Districts are raising rates because of the debt that has been accumulated during the drought. Discussion ensued about rate studies and usage fees.

Workshops were discussed and agreed too.

Interim General Manager/Fire Chief Rob Roberson explained to the public the efforts that the staff are making in the finances, and welcomes the communities to participate.

Nanette Roe, asked about the 2015-2016 audit on the website. Utilities Director Kelly Dodds explained that it just needs to be put on the website, and that staff runs the site in house and will make sure it gets on their asap.

Cyndi Vance, asked the Board of Directors that have been on the board for more than a few years, on what they are going to do to assure the public that the communities money is being spend correctly? Ms. Vance also would like the finances in order before any rate increase due to transperance issues.

Motion by Director Parent to Approve Resolution 2018-13 authorizing Staff to prepare and deliver a Notice of Public Hearing to consider water and wastewater user fees proposal Pursuant to Proposition 218, and to increase water and wastewater connection fees. Option 1 of 155% initially, and 3% after.

Seconded by Director Sangster. Motion was approved by Vote of 3 AYES and 2 NOES and 0 ABSENT.

XII. BOARD COMMENT:

XIII. ADJOURNMENT: not stated @ PM to next regular meeting on 4-9-2018