

SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
AUGUST 23, 2018 REGULAR MEETING MINUTES

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

- I.** Meeting Called to Order by President Green – 6:30 p.m.
- II.** Pledge of Allegiance lead by Director Kalvans.
- III. Roll Call:** Directors Present: Green, Buckman, Sangster, Kalvans, Parent
Directors Absent: None
District Staff in attendance: Rob Roberson, Tamara Parent, Kelly Dodds, Paola Freeman and District General Counsel Schweikert, and District Engineer Blaine Reely
- IV. Adoption of Regular Meeting Agenda:**
- Motion by Director Kalvans to adopt Regular Meeting Agenda.
- Seconded by Director Sangster Motion was approved by Vote of 5 AYES and 0 NOES and 0 ABSENT
- V. ADJOURN TO CLOSED SESSION:**
Closed Session convened at 6:32 p.m.
- A. CLOSED SESSION AGENDA:**
- 1. CONFERENCE WITH DISTRICT GENERAL COUNSEL – Existing Litigation**
Pursuant to Government Code Section 54956.9 (d)(1) Case: *Steinbeck v. City of Paso Robles, Santa Clara County Superior Court Case No. 1-14-CV-265039* and Case: *Eidemiller v. City of Paso Robles, Santa Clara County Superior Court Case No. 1-14-CV-269212*
- 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 Schweikert; “On Monday 24th following the third phase of the STIENBECK v. SLO trial, a jury found that the public agency defendants, including San Miguel, established a prescriptive right to pump groundwater for the communities they serve”
- VII. Public Comment and Communications for matters not on the Agenda:**

Director of Utilities, Kelly Dodds informed and read aloud a letter from Peoples Self Help Housing, asking for consideration from the board for cost difference of connection fees. Consensus of the Board is to bring back for discussion in October.

VIII. Special Presentations/Public Hearings/Other:

1. Discuss and consider approving Ordinance 01-2018, presented by Counsel Schweikert; an ordinance of the San Miguel Community Services District (“District”) allowing residents to conserve watering by either implementing water-efficient landscaping or eliminating the water of existing landscaping.
Second reading aloud; waved by consensus of the Board. Counsel Schweikert explained that the Passed 01-2018 Ordinance will need to be posted in local newspaper within 15 days. District Clerk, Tamara Parent explained that the draft ordinance has been posted on the District website and San Miguel Post Office and will run in the Paso Robles Press for one week starting on Friday October 5, 2018.

Board Comment: None

Public Comment: None

Motion by Director Sangster to approving Ordinance 01-2018, an ordinance of the San Miguel Community Services District (“District”) allowing residents to conserve water by either implementing water-efficient landscaping or eliminating the water of existing landscaping.

Seconded by Director Parent, Motion was approved by Vote of 4 AYES and 0 NOES and 0 ABSENT and 1 ABSTAINED (Buckman)

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 Verbal Report
Nanette Roe, Secretary for the San Miguel Advisory Council spoke about how Valley Fever is abundant in San Luis Obispo County. The Council approved a grow facility on Wellsona Rd. The County is going to speak to the Jazzy Town HOA about the red curb parameters on River Rd. Mrs. Roe explained that the Sherriff department informed the Advisory Council that since July 2018 San Miguel has had 455 calls and the CHP has had over 300 calls to San Miguel.
Board Comment: None
Public Comment: None
5. Camp Roberts—Army National Guard (LTC Kevin Bender) Verbal Report
LTC Bender, explained that he will be retiring and thanked San Miguel Fire Department for being good neighbors. Mr. Bender explained that they will be have 2+ large scale exercises at the base this year with over 2k troops in town.
Board Comment: Director Sangster asked how long the exercises would be and it was explained that the base will be continuing as a full time base and that they have a couple

initiatives coming to Camp Roberts this next year, one is to revitalize the solar plant and wastewater treatment plant.

Director Buckman asked about the “Solar Plant” on West side of freeway. LTC Bender explained that the solar plant was a grant for study and testing, the plant at this time is inoperable.

Public Comment: none

Discussion ensued, with thanks from Fire Chief Rob Roberson thanking Camp Roberts Fire Department for all the response to calls. It is a very beneficial working relationship between them. Discussion ensued about the number of calls that are responded to by both Camp Roberts Fire and San Miguel Fire.

6. Interim General Manager: Interim General Manager/ Fire Chief Rob Roberson, Verbal Report updating the Board of Directors.

After a five-week trial this phase in the Steinbeck Litigation was wrapped up and the jury found in favor of the cities and district, that the District have established a prescriptive right to pump water from the basin in the time of drought or in an overdraft.

Update on the audit. The 16/17 audit is still in the hands of the auditor, there has been a few delays due to his schedule but should be finishing within a few weeks, a lot of what he’s doing is also going to be part of 17/18 audit that will be completed as well, we are still on track.

Account Clerk Position – After the evaluation an annual step/merit increase from step 1 to step 2 was given to the Account Clerk position in compensation for an eligible non-management, non-confidential employee.

Utility Operator annual evaluation has been completed this month and will be in line for a step increase in October.

The Districts insurance company SDRMA has presented the President’s Special Acknowledgement Award- Property/Liability Program dedicated efforts made by SMCS D toward proactive risk management and loss prevention training- this acknowledgement awards is given to districts with “NO PAID CLIAMS” for five years

Health benefits PERS has open enrollment is currently open and the District employees are reviewing the policies, because there have been some significant rate changes. We will be bringing the San Miguel C.S.D Personnel Policy Ch. 4 compensation 4.1.1 for review and clarity in October.

Director of Utility Services is currently working on the Utility Worker compensation and on call schedule and will bring the information to the October meeting for approval.

Tamara Parent will be out of the office next month the week prior to the board meeting attending a CSDA Board Clerk Conference. She will be returning the day of the October meeting. The informational board packet will be completed by Thursday October 18th, 2018.

Board Comment: Director Kalvans asked about the Utility Worker position and asked were the staff has it posted. It was explained that it is on the District website and posted at the Post Office and SMCS D District office.

Public Comments: Laverne Buckman, San Miguel Resident asked about the Steinbeck Litigation and asked how many “phases” will there be? District Counsel Schweikert informed Mrs. Buckman that they are suing for their rights, and because this is three years in and SIGMA was not in affect, at the time the case was brought forward, they are using old law.

Nanette Roe asked the board to look into increasing the wage for the utility worker and that the utilities department needs help.

Board Comment: Director Buckman asked if we can counter sue, it was explained that it is not a futile lawsuit, and it was asked to be dismissed and Judge denied. Discussion ensued about cost.

7. **District General Counsel:** Presented by Counsel Schweikert. ChurchwellWhite, LLC. Informed the Board that the District is in phase three of the dispute, and that the next phase will be determining how much water everyone is entitled too, and it was again explained that the District is defending their water rights, for the community.

Board Comments: Director Kalvans explained that this is about the Paso Robles water basin and asked why two other districts has (Garden Farms and Heritage Ranch) been able to get out of this lawsuit and what does that mean for them. District General Counsel Schweikert explained that he assumed that they do not have prescriptive rights, and SMCS D has established through this lawsuit that they do have prescriptive water rights.

Public Comments: None

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

Board Comments: Director Kalvans asked about item number #6 & 7 on the District Engineer report, and how the meeting with J. Lohr Vineyard went and the meeting with the county for the IRWM grant. Dr. Reely explained that the vineyards are very receptive to the idea if we produce an effluent that meets their requirements. The grant is a work in progress.

Public Comment: None

Public Comments: None

9. **Director of Utilities:** Written report submitted as is. Director of Utilities Kelly Dodds asked for any questions and updated the Board that he has added a new section to his report and read aloud the Rate Audit information and number of shut offs.

Board Comment: Director Buckman asked about residence with septic systems and feels that we should relook at this item.

Director Kalvans asked about septic systems near river and would also like the item to be brought back for discussion including laterals.

Director Green would like to look at charging for doorhangers and would like it to be discussed at the January 2019 regular Board meeting.

Director Kalvans thanked Mr. Dodds for having the list for lighting on his report.

Discussion ensued

Director Green asked about the statues "N" Street property. Director of Utilities Kelly Dodds explained that he has been trying to get in contact with the county.

Public Comments: None

10. **Fire Chief:** Fire Chief Rob Roberson, updates the about the Fire Department and explained the training schedule.

Board Comments: None

Public Comment: None

X. CONSENT ITEMS:

1. Review and Approve Board Meeting Minutes
 - a) 6-28-2018 Revised - Regular Board Meeting

b) 8-23-2018 Regular Board Meeting

Board Comment: None

Public Comment: None

Motion by Director Sangster to Approve Consent Item 1.A & 1.B

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

XI. BOARD ACTION ITEMS:

1. Review, Discuss, Receive and File the Enumeration of Financial Report for August 2018

Item presented by Paola Freeman, Bookkeeper informed the Board of Directors that reports have been presented and asks for any questions.

Board Comments: Director Sangster voiced that he did notice that the Revenue v. Claims were 20k in the green and asked about the Attorney bill. Mrs. Freeman explained that due to the Steinbeck litigation the bill was large.

Director Parent asked Director of Utilities, Kelly Dodds when the last time he checked on prices for Hyper Chloride? Mr. Dodds explained that he does look every three months and explained that everything would have to be changed out and the contract is open-ended.

Director Green informed District General Counsel Schweikert and the public that he received a phone call from Counsel Doug White informing him that the Counsel prices would not be going up for San Miguel. Interim General Manager/ Fire Chief Rob Roberson voiced that he would confirm and report back to the Board.

Public Comments: Laverne Buckman, San Miguel; resident voiced that she had concerns over the annual cost for maintenance for out Black Mountain accounting/utility system.

Motion by Director Kalvans to Receive and File the Enumeration of Financial Report for August 2018.

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

2. Approve Resolution No. 2018-28 accepting and closing out the SLT Well Blending Line Project with the County of San Luis Obispo (Reely)

Item was presented by District engineer Blaine Reely informing the Board of Directors that this was the final pieces and the project has been going on for six to seven months. The funding is a CDBG grant.

Board Comments: Director Green asked about the results in the water testing due to the blending. Director of Utilities, Kelly Dodds explained that the water is coming into the top of the tank now and the arsenic levels are lower around 6-7. Discussion ensued about where on the terrace the districts water lines were changed too.

Motion by Director Sangster to approve Resolution No. 2018-28 accepting and closing out the SLT Well Blending Line Project with the County of San Luis Obispo

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

3. Discussion on status of Machado Wastewater Treatment Facility expansion and aeration upgrade project (Dodds)

Item presented by Blaine Reely, District engineer and Director of Utilities Kelly Dodds, explaining that this item is to inform the Board about the timeline regarding the next steps for the expansion of the Wastewater facility and the aeration upgrade projects. Mr. Reely explained that the preliminary engineering report is far along, he has also been working all a presentation to bring to the Board and will walk the board through all the alternatives and cost of each and which ones he recommends and why. Mr. Reely explains that that piece is needing to attach to any grants and is of high priority. The Aeration project and study by PGE and their recommendations are on hold due to plant explanation. Director of Utilities, Kelly Dodds explained that he has put in the monthly report a section that informs the Board of what has been spent up to date including grants, he has also put in a countdown clock. Mr. Reely explained that he has been in discussion with vineyard and is looking at effluent.

Board Comments: Director Kalvans asked if J. Lohr is interested in the effluent is the other vineyards also interested, it was explained that that there is more interest than the District can produce. Director Kalvans asked if there is any grant funding for effluent filtration. Mr. Reely explained that yes, this is what the state is looking for with Prop 1 monies, it's all about recharge and recycled water. Director of Utilities Kelly Dodds, explained that he has talked to Gallo about their effluent and they also have to make upgrades to their plant, and he will keep the Board up to date.

Public Comments: None

No motion informational item only.

4. Review and approve Resolution 2018-30 approving proposal from Monsoon Consulting for development of the engineering studies for the expansion of the WWTF and Ground water recharge in an amount not to exceed \$177,750 funded through an IRWM grant. (Dodds/Reely)

Item presented by Director of Utilities, Kelly Dodds explained that this was brought to the Board and the consensus of the board was to move forward with Monsoon Consulting, not to exceed grant funds from Integrated Regional Water Management (IRWM). This item is asking to formalize and to authorize a budget adjustment in the same amount to expense line 40-586 WWTF/Recharge study and revenue line 40-41012 IRWM grant.

Board Comment: Director Sangster asked the District General Counsel Mr. Schweikert, if there is any conflict with awarding this contract to the District engineer? Mr. Schweikert explained that, no; it is not a conflict. He gave example being when the District assigns a litigation item to District Counsel you don't go out for bid. Monsson Consulting is the District engineer. that did go out and ran a competitive solicitation at the time you posted an RPF, then the District picked Monsoon Consultants as the District Engineer and should be awarded all engineering. Mr. Reely, explained that he gave the District a fee schedule for professional services that was discounted and was to remain in effect for one year then move to the regular fees. Mr. Reely explained that his firm has still never raised the fees.

Director Sangster thanked District Counsel for their direction and wanted full transparency. Director Sangster understands and was just worried about directly awarding without a competitive solicitation.

Director Sangster thanked District Engineer for the quality work he gives the District. Discussion ensued about the pricing difference between being a District engineer working for the San Miguel District and not just any engineering firm.

District General Counsel Schweikert explained that he understands what Mr. Reely pointed out, and again explained that Monsoon Consulting entered into a professional service agreement with the District with highly discounted rates for service. Counsel Schweikert pointed out that the District Engineer also came to the Board to move forward for the grant application, and if the Board wanted to take thing like this out to bid it would only be fair to have the District Engineer re-bid his services. It was explained that if the District decides that every project over a certain amount go out for a general bid then of course the cost of services by them would be different. District Counsel also explained that then Board needs to understand that they get benefits from Mr. Reely understand the "system" where other firms would have to take the time to learn the system and that comes at a cost. Mr. Schweikert wanted to explain this to the Board of Directors in support of Mr. Reely and his firm.

Director Buckman voiced that he thought thru the Purchasing Policy that anything that is 25K or above needed to go out to bid. It was explained by Director Green that, yes but that is for purchases of items, in the District Purchasing Policy.

Director Kalvans thanked Mr. Reely and his firm Monsoon Consulting and feels that Monsoon would be the most responsive bidder for the District needs.

Public Comment: Nanette Roe San Miguel Resident, asked that the minutes be detailed on this item.

Motion by Director Kalvans to approve Resolution 2018-30 approving proposal from Monsoon Consulting for development of the engineering studies for the expansion of the WWTF and Ground water recharge in an amount not to exceed \$177,750 funded through an IRWM grant.

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

- 5. Review and approve resolution 2018-29 authorizing the Director of Utilities to enter into a contract with Terrain in the amount not to exceed \$15,300 for boundary survey and development of an aerial topographic map of the existing WWTP and the expansion property. This will be funded through the WWTF/ GW Recharge Study budget item and is reimbursable through the IRWM grant.**

Item presented by Director of Utilities Kelly Dodds, explained is a piggy back for the last item and this item was put out to bid. Mr. Dodds explained that both him and the District Engineer have worked with Terrain in the past, but the recommendation really comes from Terrain being the lowest bidder. Director of Utilities Kelly Dodds, asked for any questions from the Board.

Board Comment: Director Sangster voiced that MBS Land Survey, is lower than Terrain giving the terms and if you look at the lower end of MBS bid. Mr. Sangster explained what he has found after reading the contract for Terrain. Director Sangster has a lot of questions about the contract for Terrain and explained that there are 56 provisions in there contract and he would not except 20 of them, most important is that Terrain has no Liability Insurance and asks for Mr., Reely's expertise in the situation.

Mr. Reely explained that MBS on the lower at the lower end of their bid than Terrain, but it was very close, and thanked Director Sangster for his diligence and mentioned that he too did not notice the lack of General Liability insurance. Mr. Reely and Director of Utilities Kelly Dodd feels that MBS is as capable as Terrain and would recommend them.

Director Parent asked if we could delay the survey by going back to MBS about cost? District engineer explained that it would be easy to go back to MBS and tell them that the Board of Directors would like to award them the contract if they are at the lowest 13k at the low end of the bid.

The price difference for record is Terrain at \$15,300 and MBS is between \$13,875-\$15,775. District General Counsel thanked Director Sangster for his diligence.

Public Comments: Laverne Buckman, San Miguel Resident thanked Director Sangster for his knowledge, and expertise that he brings to the Board.

Motion by Director Sangster to approve Resolution 2018-29 authorizing the District Engineer to contract with MBS land surveys to perform a survey and aerial topographic mapping of the current wastewater treatment plant and the expansion property in an amount not to exceed \$13,875.00 with confirmation of liability insurance.

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

- 6. Review and authorize the District Engineer to prepare and submit a Community Development Block Grant (CDBG) application for the replacement of the 10th and 11th street water lines on behalf of the District (Reely)**

Item was presented by District Engineer, explained this is another attempt at funding project that the Board has passed in the Water and Wastewater Master plan.

Board Comment: Director Green asked if this was one of the top priorities in the Master Plan. Director of Utilities Kelly Dodds explained that yes, this is a high priority for the District.

District Engineer Reely explained that there is a Board of Supervisor needs hearing on October 16th in San Luis Obispo and would highly recommend that any of the Board of Directors can attend. Email will be sent out to Directors about time.

Public Comment: Laverne Buckman asked if it was under the railroad tracks. Mr. Dodds explained that yes, next road down from Fire Station.

Nanette Roe, San Miguel Resident asked about if it was cannabis monies. Mr. Sangster explained that there is a new tax that will be phased in, it was explained when he asked all the money was going to the county and there are no answers yet. Discussion ensued about where the monies will be going and that we should ask about all tax or grant monies. Director Parent voiced that the water budget has been depleted and feels that this is a very important grant.

Motion by Director Parent to authorize the District Engineer to prepare and submit a Community Development Block Grant (CDBG) application for the replacement of the 10th and 11th street water lines on behalf of the District.

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

7. Review and approve resolution 2018-31 authorizing the General Manager to close the Bank account at Rabobank and transfer the remaining funds to the capital reserve account at Pacific Premier Bank.

Item was presented by Interim General Manager/ Fire Chief Rob Roberson, explained that this bank account was established in July 2016, for a capital reserve account. The General Manager at the time put 10k at the time into this account and nothing has been done with it since. Mr. Roberson explained that Director Buckman and himself went into Rabobank and where treated less than appropriate from the bank, and when the District was going thru the audits the Auditor from Moss, Levy had to inquire about the account, and the District was charged \$20 fee for each inquiry.

Board Comment: Director Green asked for verification of which bank. Director Parent voiced his approval, and distaste with Rabobank.

Public Comment: None

Motion by Director Buckman to close the Bank account at Rabobank and transfer the remaining funds to the capital reserve account at Pacific Premier Bank.

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

XII. BOARD COMMENT: Director Buckman asked that the Director of Utilities bring back the punch list for maintenance.

Director Kalvans wanted to acknowledge that Ochoa 1401 K residence have cleaned up but has noticed lots of trash around San Miguel and asked about the Community Cleanup day.

Director Green asked about Clean-up day and chipping. Explained that it is part of the Firefighter Association but would look into it.

Director Green voiced that the District is looking at hire of a new utility worker/operator and voiced that we are currently paying for a housekeeper and would like to put housekeeping in job duties and increase salary step for that position.

Interim General Manager/ Fire Chief Rob Roberson asked President Green for time to make comment, granted by President Green

Interim General Manager/ Fire Chief Rob Roberson voiced that as everyone knows there is an upcoming vote/election in November and wanted to thank Ashley Sangster for his participation on the Board and acknowledges that Mr. Sangster has been at all the meetings. Mr. Roberson voiced that he is personally offended by individuals that make statements in this community about lack of leadership and about not being responsible financially and about how this district is being ran. The current staff and leadership has been in charge for only one year and the things that we have turned around, litigation, financials, and remember what the staff and board was left with a big mess from previous management that the district would have failed from it.

Interim General Manager/ Fire Chief Rob Roberson voiced that he has been personally slandered on Facebook social media and people talking in this community and are being led to believe that we are giving less than good leadership, less than fair appropriations of financials. This Staff is here to fix it, and everyone here is dedicated. Mr. Roberson voiced that he was trying to be reserved in commenting but when he is being personally attacked and when the people working here get personally attacked on social media, it is my duty. Right now, candidates' that are not here and never been here at a Board meeting are getting information by people on the board that we are not truthful, we are not good leaders, and that we are mismanaging their finances. That is inappropriate, and he takes personal offence to it. We as a district need to be out there supporting the community and informing them that everything that we are doing is to benefit them in the future.

Interim General Manager/ Fire Chief Rob Roberson reminded the Board of Directors that he is here only because he wants to be and cares for this community, but when people are slandering people by names and saying that we do not have good leadership and are , misappropriating their financials from two people that have never been here and will come in and fix the district and will get better leadership. It is very offensive. Mr. Roberson voiced that he is looking forward to having a good future here, and all the work Director of Utilities and District Engineer have put in are going to carry the district through to build out. It makes it very difficult, let alone we had to raise rates; no one wanted to raise rates but sometimes in this position you must do things for the future. He told the board that again sweet or sour you will get the truth from him. Moving forward

we need to look at the positive even if it hurts, we will grow from our pain, nobody wants to build of pay for a sewer facility, but we must. The Board has a good group of dedicated staff here, Tamara and Liliana have to take calls and walk ins all day with people upset about their rate, and every time they take the time to explain to the people of San Miguel what has been going on for the last few years with this rate study, and Rob explains that the community is getting the best service. Mr. Roberson asks how many complaints as Directors have they received about the staff here and reminds them that with the last General Manager they were on the verge of having the whole staff walk out. The embezzlement issue has gone to the D.A, and charges will be pressed thanks to this staff. The District General counsel, as painful as it has been, have prevailed and as I saw firsthand, during the trial and they are doing what is in the best interest of the District. So, when you want to go out and talk to the community about the District that is the stuff you need to talk about. We as a District need to move on in a positive manner, and when he sees the staff being beat up from the lies being told about the District he will speak up and defend the District staff and himself. His hope is that we get a good group of Directors in here that will work for the best interest of the District and community. Director Sangster thanked Interim General Manager/ Fire Chief Rob Roberson for his truthful words.

Director Parent voiced his appreciation for all the Interim General Manager/ Fire Chief Rob Roberson has done for the District.

Director Buckman voiced that he could not have said it any better, and thanked Mr. Roberson.

XIII. ADJOURNMENT TO NEXT MEETING OCTOBER 25, 2018: 9:03 P.M.