

SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
OCTOBER 22nd, 2020 REGULAR MEETING MINUTES

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

- I. Meeting Called to Order by President Sangster – 6:33 P.M.
- II. Pledge of Allegiance lead by Director Kalvans after the closed session.
- III. **Roll Call:** Directors Present: Sangster, Gregory, Kalvans, and Palafox (Palafox arrived at 6:46 P.M.)
Directors Absent: Green
- IV. **Adoption of Regular Meeting:**
Board Clerk asked to have the Pledge of Allegiance after the closed session.

Motion by Director Sangster to adopt regular meeting agenda

Seconded by Director Kalvans. Motion was approved by Vote 3 AYES and 0 NOES and 2 ABSENT and 0 ABSTAINED.
- V. **ADJOURN TO CLOSED SESSION:** at 6:35 P.M.
 - A. **CLOSED SESSION AGENDA:**
 1. **CONFERENCE WITH DISTRICT GENERAL COUNSEL – Existing Litigation**
Pursuant to Government Code Section (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*
 2. **CONFERENCE WITH DISTRICT GENERAL COUNSEL-ANTICIPATED LITIGATION** Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:
- VI. **Call to Order for Regular Board Meeting & Report out of Closed Session:** 7:06 P.M.
Report out of closed session by District General Counsel White and Direction was given to staff.
- VII. **Public Comment and Communications for matters not on the Agenda:** None
- VIII. **Special Presentations/Public Hearings/Other:** None

IX. STAFF & COMMITTEE REPORTS:

1. **San Luis Obispo County:** None
Public Comment: None
Board Comment: None
2. **Camp Roberts:** None
Board Comment: None
Public Comment: None
3. **Community Service Organizations:** San Miguel Firefighters Association, Report by Michelle Hido, Treasurer for the San Miguel Firefighters Association. Mrs. Hido updated the Board of Directors that the Fire Department participated in a Birthday drive-by and made a little girl happy. Fire Prevention week was a success and that they went to Lillian Larsen school to hand out fire prevention educational items and that “Sparky” was a big hit with the kids. Mrs. Hido explained that they will be reaching out to Pleasant Valley School to schedule a time to hand out fire prevention educational items to them also. San Miguel Firefighters Association’s Christmas Dinner is scheduled for December 8th at 6 P.M. but due to COVID-19 everything is still up in the air, and more details will be provided later. Discussion ensued about San Miguel Christmas Parade and Santa visit, with more information to come.
Board Comment: Director Kalvans asked about the toy drive. Mrs. Hido explained that the donation barrels that are at the station are for the KSBY “Season of Hope”. Director Sangster asked about the toys for the Santa visit and if the stockings being discussed are going to have all the same toys in each of them. Mrs. Hido explained that the idea being discussed is to have candy and unisex toys. Discussion ensued.
Public Comment: Dian Sangster asked if there was anything in particular the Association wanted so she could help with donations. Discussion ensued, about COVID and if financial donations would be best.
4. **Interim General Manager:** Interim General Manager/ Fire Chief Rob Roberson was not present at the meeting. Board Clerk Tamara Parent voiced that Liliana Rojas Account Clerk; will be moving on to start her career as an EMT, her last day will be October 30th,2020.
Board Comment: None
Public Comment: None
5. **District General Counsel:** Presented by Counsel White. ChurchwellWhite, LLC. Nothing to report at this time.
Board Comments: Director Kalvans asked Counsel White about a stand-by fee/charge for empty lots, and could the District charge a fee other than connection fees. Counsel White explained that he looks at it on a case by case evaluation. Discussion ensued and counsel White would be responding to Director Kalvans email next week.
 Director Sangster asked Counsel White if said parcels would have to have District services within a certain distance from the property. Counsel White voiced, no but they would need to be evaluated for any annexation and/or what the expectations of the District would be. Counsel White explained that it would need to be evaluated and if the Board of Directors decided to go in that direction.
Public Comments: None
6. **District Engineer:** Written report submitted as-is. Dr. Blaine Reely asked for any questions.

Board Comment: Director Sangster asked about the change order for 10th and 11th street and asked for Dr. Reely to expand on the post-bid changes, change order, and if there would be a cost change. Dr. Reely explained that the majority of the changes from the County have to do with pavement replacement, and they wanted to extend one of the segments to directional drilling instead of a trench and backfill on 11th Street. The County also wanted one of the lines on Mission Street to be moved over a little to the South. There will be a change order that will be coming to the Board, and Dr. Reely explained that he has calculated the changes and the cost will be less.

Director Kalvans voiced that he noticed that, the Martinez development Tract 2723 has a name now “Mountain View”. Dr. Reely voiced that Director Kalvans was correct and that the project is moving forward.

Director Gregory asked where this development was located, and Director of Utilities Kelly Dodds explained that it is at the end of Martinez and that the utility corrections for development have been sent and they have not responded yet.

Director Kalvans asked about streetlights, and if that development will have them. Director of Utilities Kelly Dodds explained that it is not required per our District Lighting Standards. Discussion ensued.

Director Gregory asked about sewer for Tract 2723 “Mountain View”. It was explained that they are one-acre parcels and will all have septic. Discussion ensued.

Assistant Fire Chief Scott Young voiced that they might have to put in streetlights on the corner and they will need to still have a fire review.

Public Comment: None

7. **Director of Utilities:** Written report submitted as-is and the Director of Utilities Kelly Dodds asked for any questions.

Board Comment: Director Kalvans asked if the streetlight on 11th street that was damaged will be replaced with the current decorative lights on Mission Street or the new low light pollution lights that he has researched. The Director of Utilities Kelly Dodds explained that he has investigated the new light pollution streetlights and discussion on how they are different ensued. To replace the damaged streetlight, it will be around six-thousand dollars and at this time the insurance for the vehicle that hit the light is questionable and cannot put a person in the vehicle.

Director Kalvans asked about caps/diffusers on the existing lights. Discussion about changing out the current light’s too low light-pollution lights was discussed and moving forward it will be looked at before replacement.

Director Gregory asked about the results from the well’s that were tested. Director of Utilities Kelly Dodds explained that he would email the results.

Public Comment: None

8. **Fire Chief & Asst. Fire Chief:** Fire Chief Rob Roberson was not present and Assistant Chief Young submitted the report as written. Assistant Chief Young updated the Board that the Department was not awarded the Volunteer Firefighter Assistance Grant this year because they ran out of money. Assistant Chief Scott Young voiced that they did receive a fifteen-thousand-dollar grant from AFF (American Fire Foundation) for weed abatement/debris mitigation and is being accounted under account 20-457 AFF Grant. Assistant Chief Young updated the Board of Directors that he has an appointment with the

State Mobile Home Authority about Casa Blanca mobile home park at 560 12th street on October 29, 2020. Discussion ensued.

Board Comment: Director Kalvans asked what will come-of that mobile home park? Assistant Chief Young voiced that he did not know at this time but will know more after his scheduled meeting.

Director Sangster asked in what way is it managed by the state? Assistant Chief Young voiced that the State manages “Mobile Home parks”, through the State Mobile Home Authority. Discussion ensued about the property and the issues at the property.

Assistant Chief Young voiced that he wanted to wait on mid-year budget adjustment until the Fire Department receives the OES reimbursement for the Wildland fires for 2020. Discussion ensued.

Assistant Chief Young explained that Account funding and the paperwork for the sale of 8687 is being finished up and will be having a firm sell the engine with a 10% fee and after an appraisal that the District should get estimated around seventy-two thousand for the engine.

Board Comments: Director Sangster voiced that he agreed that having a firm sell it and that it would be advertised nationwide that way. Director Sangster asked if the buyer would be responsible for the transportation cost. Assistant Chief Young voice that the buyer would be responsible for the shipping cost and a discussion on housing the engine ensued. Director Sangster asked about the AFF Grant (American Fire Foundation) and what it would be used for. Assistant Chief Young voiced that it is for vegetation management and that it is a grant that can be applied for annually. Assistant Chief Young informed the Board that the Railroad has contacted him about weed abatement, and he will be meeting with them.

Director Kalvans asked if Weed Abatement within the District could be done more than once a year. Assistant Chief Young explained that there is a proscribed duration and the yearly schedule is mandated. Discussion ensued about the weed abatement needed.

Public Comment: None

X. CONSENT ITEMS: Director Sangster asked to pull and discuss item number 1.b.

1. Review and Approve Board Meeting Minutes

- a. 09-10-2020 Strategic Planning Meeting
- b. 09-24-2020 Regular Board Meeting

Board Comment: Director Sangster voiced that on page 25 of the combined packet, to check the wording for the adjournment to opened session.

Public Comment: None

Motion by Director Sangster to approve Consent items 1.b as amended

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

Motion by Director Sangster to approve Consent items 1.a

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

XI. BOARD ACTION ITEMS:

1. **Review, Discuss, Receive, and File the Enumeration of Financial Report for September 2020.** Item was presented by Financial Officer Paola Freeman reports submitted and asked for any questions.

Board Comment: Director Sangster voiced that on the Staff Report PG&G needed to be changed to PG&E.

Director Gregory asked what the “USA Bluebook” vendor was for? The Director of Utilities Kelly Dodds explained that USA Bluebook is a vendor that we buy water supplies from; it is like Granger.

Director Sangster asked in report Rev Budget vs Actual fund 46150 Miscellaneous income derived from? Financial Officer Paola Freeman explained that it is being used for restitution payments from the K. Johnson Case and reimbursement income for payroll received from a worker's compensation claim.

Director Sangster asked about the expenditure report fund 370 “Dispatch Services”. Assistant Chief Young explained that is a service that the Fire Department has for dispatch services and is based on the number of calls.

Director Kalvans asked if it was a benefit to use the County Fire dispatch service. Assistant Chief Young voiced that it is a twenty-four-hour service and the cost to the District to take on the dispatch service would not be advantageous to the Department. Discussion ensued about dispatch services in the future for North County San Luis Obispo.

Public Comment: None

Motion by Director Sangster to Receive and File the Enumeration of Financial Report for September 2020.

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

2. **Review and approve Resolution 2020-39 adopting revisions to Section 4 (Application of monthly Water and Wastewater rates based on occupancy) of the San Miguel Community Services District Water and Wastewater Billing Policy.** Item was presented by Director of Utilities Kelly Dodds explaining that policies need to be revised from time to time to make sure that they reflect the current practices and how the rates are applied, and conditions are fairly applied across all applications. Kelly Dodds explained that with commercial meters we had no way of dealing with properties with multiple residences. Section 4 of the adopted billing policy could be misinterpreted and didn't accurately apply to sewer rates for properties served by meter 1 ½” and larger and has been revised to provide clarity of application.

Board Comment: Director Kalvans asked if this change violated the Sewer Code? (Section 1.4) Discussion ensued about mixed-use or multi-family and that we are talking about single-family residences and the Director of Utilities Kelly Dodds explained that it is not contrary to the Districts Sewer Code.

Director Sangster voiced that the commercial rate involves a volumetric rate, and that is not for residential signal-family, discussion ensued.

Director Kalvans voiced that he would like to review how the town is laid out. Discussion ensued. Director of Utilities Kelly Dodds explained that there will be no financial difference and will be implemented at the next billing cycle.

Public Comment: None

Motion by Director Sangster to approve Resolution 2020-39 adopting revisions to Section 4 of the San Miguel Community Services District Water and Wastewater Billing Policy.

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

- 3. Review and discuss standard Terms and Conditions for the District (2nd).** Item was presented by Counsel White explaining that in September 2020, the Board reviewed and discussed the initial version of a standard terms document which was intended to create a set of terms for services contracts. After discussion, the Board asked District Counsel to amend the document to allow for a single set of terms and conditions for contracts for goods or services. The current draft “standard terms” document is tailored for such contracts.

Board Comment: Director Sangster voiced that a provision pertaining to sustainability needs to be inserted and it is notably absent and would like to have some language put into the Terms. Item number 12 has been stricken through, specifically funds not available; and feels that it should be left in. Counsel White voiced that the wastewater facility will definitely need to be tailored and customized but could put section 12 “appropriation of funds” back in the document and discussion ensued about sustainability. Director Sangster voiced that he would like something similar for capital projects and another portion that he would like to discuss is about “disputes”. Director Sangster voiced that he does not like to see; arbitration and explained that he would like to see that removed.

Discussion ensued and Counsel White explained they find that arbitration is more costly, and trial can go on for longer, and that is why it is normally put into these kinds of terms and conditions.

Director Sangster voiced that Counsel Dervin recommends that it be removed, and he agrees. Counsel White asked for concurrence from the other Directors.

Director Gregory voiced that she thought arbitration is quicker and less costly.

Director Sangster voiced that Director Gregory was correct, but there would be no recourse and the decision is binding and final.

Counsel White explained that the reason that it is in the document is that it is the most economical, the best in his opinion is a full trial court process and arbitration is not always quicker. Counsel White voiced that he has compelling reasons for both, and it is what language the Board finds more important; Counsel White explained that he always likes to be able to appeal a decision that is not well thought through.

Director Gregory would like to see that it says that the “Trial” would be in San Luis Obispo County.

Director Kalvans voiced that what jurisdiction would be most beneficial, for the District. Director Gregory explained to Director Kalvans that the District would not want to have to go to trial in Bakersfield with a contractor out of Bakersfield for example. Discussion ensued.

Counsel White voiced that in San Luis Obispo, it is hard to find arbitrators.

Director Gregory voiced that she could go either way.

Director Kalvans voice it would be good to be economical but understands the difference. Director Sangster explained to Director Kalvans that it could be economical unless you lose, and then you would be paying for the arbitration and you have no recourse.

Director Gregory voiced that if the District would be going to that level it would be a sizable amount that you would be disputing.

Director Sangster voiced that if there is no arbitration clause the other party would really have to decide if they wanted to use their counsel and the cost that it would accrue to litigate the matter. Discussion ensued with Counsel White.

Director Palafox asked if he was correct that without having this arbitration clause, the District would have to take disputes to court. Counsel White explained that yes, he was correct and if the matter did go to court it would be in San Luis Obispo County.

Director Kalvans asked about item 12: Appropriation of Funds strike through, and Counsel White voiced that there could be some more crafting of that wording.

Director Sangster voiced that he would like consensus to work on item 12: Appropriation of Funds and strike item 33: Arbitration of Disputes.

Counsel White asked the Board of Directors if they felt comfortable with him working with Director Sangster for a final version or would the Board like it brought back for final approval.

Director Kalvans voiced that he was comfortable having Counsel work with Director Sangster for a final version without bringing it back and felt Director Sangster has the background and is his area of expertise.

Director Gregory and Palafox agreed that District Counsel should work on a final version and not bring back to the Board.

Discussion ensued about insurance amounts and hazardous materials. Section 2.i work involving hazardous materials. Director Sangster voiced he would like to go with the higher amount. Discussion ensued with the Director of Utilities.

Counsel White reminded the Directors that agreements can be tailored.

Director of Utilities Kelly Dodds voiced that errors and omissions needed to be added, a discussion ensued.

Public Comment: None

Motion by Director Palafox to have the Districts General Counsel work with Director Sangster on a final version with amendments identified.

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

4. **Review and approve RESOLUTION 2020-40 approving a contract with Monsoon Consultants in an amount not to exceed \$4,500 to prepare an application for Prop 68 Sustainable Groundwater Management (SGM) Grant Program Implementation Grant Funding and authorizing the Director of Utilities to execute the contract with Monsoon Consultants.** Item was presented by the Director of Utilities Kelly Dodds and District Engineer Dr. Reely, explaining to the Board of Directors that they are asking for approval to have the District Engineer prepare a grant application on the District's behalf for a project which meets the Prop 68 GSP Implementation Grant Program PSP requirements and be prepared to upload the District approved application per the round one submission guidelines. The grant application will identify the upgrade and expansion of the District's Machado Wastewater Treatment Facility (WWTF) and the construction of a

new recycled water (“purple pipe”) distribution system for the specific project to be implemented under the terms of the grant agreement. Dr. Reely explained that San Miguel will be the sole applicant within the GSP, and the other GSA will support San Miguel’s application. Discussion ensued. Dr. Reely explained that there can only be one application per basin, and San Miguel is ready to apply. The challenge is that it is due in January, it is a pretty extensive application and will be asking for funding for the backend of the new plant.

Board Comment: Director Kalvans voiced that he was excited about this project moving forward.

Director Gregory asked if this grant was through the State of California and what the matching portion would be to the District. Dr. Reely explained that it is Prop 68 and the funding through the Department of Water Resources and administered by the State Water Board. Dr. Reely explained that the grant is usually a 25% match but explained that there is a provision for disadvantaged communities and feels that we meet that criteria for match forgiveness.

Director Gregory asked how many of these grants get awarded? Dr. Reely explained that this round of the is for critically overdraft basins. There are around 68 million dollars available.

Director Sangster asked that if the District was awarded the two million, how far would that go for the backend of the facility to complete that portion of the project? Dr. Reely explained that he estimates that it would fund the entire thing.

Director Sangster asked if the authorization should be with the General Manager? Director of Utilities Kelly Dodds explained that because of the circumstances with the General Manager being out; that he is asking for approval from the Board of Directors. Discussion ensued about the purchasing policy.

Public Comment: None

Motion by Director Sangster to approve RESOLUTION 2020-40 approving a contract with Monsoon Consultants in an amount not to exceed \$4,500 to prepare an application for Prop 68 Sustainable Groundwater Management (SGM) Grant Program Implementation Grant Funding and authorizing the Director of Utilities to execute the contract with Monsoon Consultants.

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

5. **Discuss and provide direction regarding the LAFCO SOI/MIR request.** Item presented by Board Clerk Tamara Parent explaining that it is time for the LAFCO review SOI (Sphere of Influence) and MSR (Municipal Service Review). Discussion ensued about the process and how the Board would like the staff to proceed.

Public Comment: None

Consensus of the Board is to table this item to November 5th; San Miguel C.S.D 2nd Strategic Planning Informal Work Session for a full discussion.

6. **Continued discussion on the Fire Department Temporary Housing.** Assistant Fire Chief Scott Young updated the Board of Directors that he met with Mr. Keller and he is in favor to lease the four parcels to the Fire Department. Discussion ensued about the lots.

Assistant Chief Young explained that he would not be moving forward with any construction planning until the lease is ironed out.

Board Comment: Director Gregory asked if a price for the lease of the property has been discussed. Assistant Chief Young voiced that they are in discussion and they have talked about electrical and utilities at this point.

Director Kalvans asked Assistant Chief Young what was discussed about the “downtown core”. Chief Young voiced that Mr. Keller voiced that he is eager to develop the property, but he wants to see some more viability in the downtown.

Public Comment: None

Information item only

7. **Discussion on status of Machado Wastewater Treatment Facility expansion and aeration upgrade project.** Item presented by Director of Utilities Kelly Dodds updating the Board of Directors that in September the plant averaged 151,622 gallons per day (76% of hydraulic design capacity) with a max day of 175,833 gallons (88% of hydraulic design capacity) Director of Utilities Kelly Dodds explained that it is slightly lower than last month. Planning is still moving forward with the WWTF expansion, last month’s estimate was around 14 million, and explained that they have broken it down into phases and explained that there are pieces that are not needed in the first phase. Director of Utilities Kelly Dodds explained that Dr. Reely and himself have been working on refining the cost. Discussion about the costs that are being proposed is engineering estimates.

Board Comment: Director Sangster asked in regard to the amended plan due to the flood plain will the office portion be reduced? Director of Utilities Kelly Dodds explained that the office size has not been decreased, but the initial design of the office, shop, and covered storage was all one. Director of Utilities Kelly explained that because of operational reasons, needing to keep the pond the office has been separated from the shop and covered storage. The office space is a different configuration but is the same size and has 100 percent space for expansion.

Director Gregory voiced that she likes the idea of planning for expansion.

Public Comment: None

Informational Item only.

- XII. **BOARD COMMENT:** Director Kalvans voiced that his question for legal counsel. Director Kalvans asked if shopping was considered entertainment? Director Kalvans voiced that he has done some research on codes and voiced that districts can promote “entertainment”, economic development and planning under that avenue. Counsel White voiced that he would not use economic development but under the code related too, could find a legal basis that would allow the District to engage in that kind of promotion, but the terminology might change, and research would need to be done. Discussion ensued. Counsel White voiced that it could be like promoting events and working in conjunction with other entities. The Board would have to weigh the cost versus benefit. Director Sangster asked if there would be a benefit for a business to classify themselves as “shopping” from a financial perspective? Director Kalvans voiced that some

neighborhoods are classifying themselves as entertainment districts as promotional ideas to bring tourists to downtown.

Director Gregory asked if Director Kalvans was essentially wanting the District to participate in marketing to promote growth downtown. Discussion on the San Miguel Chamber ensued.

Discussion ensued about other agencies and how they promote events and recruit businesses and what it would cost the District.

Director Gregory voiced that; you would be putting value in improvements into the community that you cannot put a price on. A discussion of low-cost promotions ensued.

Director Kalvans voiced that our Strategic Planning Work Session got attention from “Strong Towns” and they would like to write an article on the presentation. Discussion ensued.

Director Kalvans voiced that he saw some water smell comments on Facebook, and discussion ensued.

Director Kalvans voiced that he would like to have any updates for any “praise” and/or “complaints” within the District. Discussion ensued about the process used for complaints.

The Director of Utilities explained that he would update in his monthly report.

Director Gregory voiced that most of the community that she speaks with are from Cities and do not know what a C.S.D. is. Discussion about a flier ensued.

XIII. ADJOURNMENT TO NEXT MEETING: Adjournment at Approximately 9:28 P.M.