

SAN MIGUEL COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS

December 14, 2017 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 lead by Director Kalvans.

**III. Roll Call:** Directors Present: Buckman, Green, Kalvans, Parent.

District Staff in attendance: Rob Roberson, Tamara Parent, Kelly Dodds, and District General Counsel White and Seikaly.

**IV. Adoption of Special Meeting Agenda:** President Green asked to \*Table Item # 4 Board Action Item.

Motion by Director Buckman to adopt Special 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 6:33 p.m.

**A. CLOSED SESSION AGENDA:**

**1. CONFERENCE WITH DISTRICT GENERAL COUNSEL-ANTICIPATED LITIGATION**

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 : (1 case)

**2. CONFERENCE WITH DISTRICT GENERAL COUNSEL-ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraph (2) subdivision (d) of Section 54956.9: (1 case)

**3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Pursuant to Government Code Section 54956.8

Properties: 021-051-017 and 021-051-016.

Agency negotiator: (Blaine T. Reely, PhD, PE/Monsoon Consultants, SMCSO Interim General Manager Rob Roberson, and Director of Utilities Kelly Dodds )

Property Negotiator: San Miguel Ranch, LLC.

Under negotiation: Purchase price & terms of payment.

#### **4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Pursuant to Government Code section 54957(b)(1)

Title: General Counsel

#### **5. PUBLIC EMPLOYEE APPOINTMENT**

Pursuant to Government Code section 54957(b)(1)

Title: General Manager

#### **6. RECONVENE TO OPEN SESSION:** President Green reconvened to Open Session at 7:00 P.M.

#### **VI. Call to Order for Regular Board Meeting/Report out of Closed Session: 7:05 P.M.**

Report out of Closed Session by District General Counsel. Nothing to report.

#### **VII. Public Comment and Communications:**

No public comment.

#### **VIII. Special Presentations/Public Hearings/Other:**

##### **1. Election of Board Officers and Board Appointments:**

##### **A. Nominate and Elect Board of Director Officers:**

Director Kalvans made a Motion to Nominate Director Green as Board President and Director Parent as Vice President for the 2018 Calendar Year  
Seconded by Director Buckman.

A.1. President elect John Green; Passes 3/0/1 Voice Vote

A.2. Vice-President Joseph Parent: Passes 4/0/1 Voice Vote

#### **IX. STAFF & COMMITTEE REPORTS:**

- |  |           |
|--|-----------|
| <b>1.</b> San Luis Obispo County Sheriff   | No Report |
| <b>2.</b> San Luis Obispo County Board of Supervisors  | No Report |
| <b>3.</b> San Luis Obispo County Planning and/or Public Works  | No Report |
| <b>4.</b> San Miguel Area Advisory Council   | No Report |
| <b>5.</b> Camp Roberts—Army National Guard (LTC Kevin Bender)  | No Report |
| <b>6. Interim General Manager:</b> Verbal Report updating the Board of Directors and explained that Alex Hom from Moss, Levy is here to present the Audit to the Board of Directors. |           |
| Interim General Manager Rob Roberson updates the Directors on question from last month's board meeting on the District Credit Cards. The District has three different credit cards.  |           |

1. CalCard, no service fee and incentive rebates, Kelly Dodds & Rob Roberson are the current staff that have this card.
2. 76 Gas Card, Monthly Service fee of 10.00. Each District Vehicle has a Gas card. Discussion ensued and the Majority of the Directors would like staff to research new gas card and bring back information.
3. Bank of the West (CSDA) Credit Card, No Service fee. Rob Roberson, Kelly Dodds, Tamara Parent are the current staff that have this card.

**Board Comments:** President Green asks Staff to bring back information regarding a new Gas Credit Cards that do not have a monthly service fee and that will work at any gas station.

7. **District General Counsel:** Presented by Counsel Seikaly. ChurchwellWhite, LLC. has nothing new to report.

**Board Comments:** None

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

**Board Comments:** None

**Public Comments:** None

9. **Director of Utilities:** Kelly Dodds, Director of Utilities updated the Board on the aeration project at the WWTP and it is producing some reliable results. Last week we had a water main break in the ally by the new park. Discussion ensued about construction at park.

Mr. Dodds is still working with Bartel-Wells for the SMCS D Rate Study and hopes to bring an update to the Board at the next meeting. The new Water Utilities vehicle has arrived and is in service.

**Board Comments:** Director Kalvans asked the Director of Utilities why his report is verbal? Since in the past it had been written. Director of Utilities explained that he works with Dr. Reely who was hired as District Engineer in February 2017 and all the information is combined with the Engineer report. The last written report was in July 2017. The verbal report is to give more up to date information to the Directors. Director Kalvans said, he would prefer a written report.

Director Kalvans asked how the street lighting was going and if the Director of Utilities had any updates? Mr. Dodds explained that it is on his list, and he is still working with PG&E.

President Green explained to Director Kalvans that the Directors had been updated on this but Director Kalvans was absent.

Director Kalvans asked Mr. Dodds to get in touch with the Lillian Larsen School to get lead testing done. Director of Utilities informed the Board of Directors that he had reached out the schools and looks forward to hearing from them. He also explained that the District had done Lead testing in November 2017, with results that showed non-detect and stating that San Miguel doesn't have lead pipes.

**Public Comments:** None

10. **Fire Chief:** Fire Chief Rob Roberson updates the Directors on the amount of calls the District has responded to over the last year, and informed the Directors that he had met with SLO County Board of Supervisor John Peschong. Chief explains, that the District should be prepared for more emergency calls. This District is growing and we have new housing developments, with an 18% increase over the last year. Chief Roberson thanked everyone for coming to the San Miguel Fire Department Christmas dinner and

congratulated Mr. Buckman for earning the Fire Fighter of the year for 2017. Chief also informed the Directors that The District has an engine and a four-man crew working at the Thomas Fire.

**Board Comments:** Director Green, asked why there is a cap of Twenty VFF at the District, Chief Roberson explained that it is an insurance issue.

Director Klavans asked Fire Chief about the increase of call in the county area and asked chief if they would be asking the county for money, chief explained that the increase in calls are everywhere. Director Klavans asked that we start looking into expanding the district boundaries. Chief explains that SRA, and mutual aid are here to help us, and the responsibility and cost exceeds the benefit of removing the area from the SRA.

Discussion ensued.

**Public Comment:** None

*Director Kalvans explained that he had to leave at 7:39 P.M.*

## X. CONSENT ITEMS:

*Director Green asked to pull Item #1 of the consent items for discussion.*

Item 2 & 3 of the consent Agenda.

Motion by Director Parent to approve and pass items #1 & #2 of the consent items.

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

1. Approve **Resolution No. 2017-54** establishing Regular Board of Director Meeting Dates for 2018. *\*Item Pulled for Discussion.*  
Majority of the Board asked that the date be changed to December 20, 2018.
2. Approve a five-year renewal of the Memorandum of Understanding between the County of San Luis Obispo and the District for the use of radio rack space at the Districts radio shack.
3. Review and Approve Board Meeting Minutes
  - a) 9-28-2017 Draft Minutes of Special Board Meeting
  - b) 10-19-2017 Draft Minutes of Special Board Meeting
  - c) 10-26-2017 Draft Minutes of Regular Board Meeting

\*Item #1 Motion by Director Parent to amended item #1 dates from December 13 to December 20th

Seconded by Director Buckman. Motion was approved by Voice Vote of 3 AYES and NOES and 2 ABSENT.

## XI. BOARD ACTION ITEMS:

### 1. Review, Discuss, Receive and File the Enumeration of Financial Report for November 2017

Item presented by Interim General Manager Rob Roberson, explaining that this item is in the action items for discussion.

**Board Comments:** None

**Public Comments:** None

Motion by Director Parent to Receive and File the Enumeration of Financial Report for November 2017

Seconded by Director Buckman. Motion was approved by vote of 3 AYES and 0 NOES and 2 ABSENT.

### 2. Review and Discuss Approving Resolution 2017-55 accepting and approving of the FY 2015-16 Financial Audit Report by Moss Levy Hartzheim (Alex Hom)

Item presented by Mr. Alex Hom from Moss Levy Hartzheim.

Mr. Hom pointed out that they gave the district a “no opinion”, meaning that something is wrong and don’t know the full amount.

**Board Comment:** Director Buckman asked Mr. Hom if it was regular practice to inform the Board of Directors about issues with finding in the Audit that might need extra attention at the time of finding. Mr. Hom explained that he indeed was in touch with previous San Miguel General Manager and President Kalvans. Discussion ensued.

General Counsel White asked that a high level of confidentiality be used to proceed.

Mr. Hom explained that they were not hired to do a forensic audit, and he feels that the District is doing all it can to proceed. The Adjustments have been identified and then the adjustments will be given to the staff.

**Board Comment:** President Green, asked if the Management letter was done and would like to see it. Interim General Manager/Fire Chief Rob Roberson explained that the Management letter will respond to all the findings, and be brought to the Board of Directors.

Mr. Hom explained that he had to make a few adjustments because the District had not put the required information into the accounting system. The Administration Fund that should have been allocated out to other funds and was never done. The District also has a Bond and Note that the County of SLO handles, they collect the money and they make the payments on it for the District, and the District did not have that information in the accounting program at all. Mr. Hom also explained to the Board of Directors that three years ago, the California State Accounting Standards changed and the District needed to also put in pension liabilities/retirement health medical and that was also not done till they put it in this year.

**Board Comment:** Director Parent asked, Mr. Hom if he was correct, in that previous management and auditor should have known about these changes and it was overlooked.

Mr. Hom voiced that “yes” and that the adjustment added up to about 20-25 different entries, he also explaining that the District needs to do these adjustment in a timely manner. Alex Hom explained that the other issue was Connection Fee collected by the District and that these are restricted funds but the District had not done anything to track these funds in 15/16, feeling that it was just a lack of knowledge by previous management.

Interim General Manager/Fire Chief Rob Roberson explained that at this time the District has not received the adjustments from Moss, Levy, Hartzheim. When the Bookkeeper receives the adjustments, she will then work with staff to make the adjustments. Board will then be updated.

**Public Comments:** Ashley Sangster, resident of San Miguel. Asked two questions.

1. Does the District plan on doing a forensic audit?

Counsel White, expressed that yes, they would be.

2. With the discrepancies in the finances, does the District feel that there are nefarious things that are causing these discrepancies?

Counsel White explained that it was not appropriate to talk about those thing at this time, and thanked Mr. Sangster for understanding.

Motion by Director Buckman to Approve Resolution 2017-55 accepting and approving of the FY 2015-16 Financial Audit Report by Moss Levy Hartzheim

Seconded by Director Parent. Motion was approved by vote of 3 AYES and 0 NOES and 2 ABSENT.

### **3. Authorization for Submission of an Application for Financial Assistance for The Planning and Design of Improvements To The Districts Wastewater Treatment Plant by Resolution 2017-57**

Item presented by District Engineer Blaine Reely, updating the Board of Directors explaining that the grant application needs a Resolution for Prop 1. If the District is awarded the Grant the funds can be used for past testing and new planning and design for WTP.

**Board Comment:** Director Green asked, if the grant was a matching grant.

Dr. Reely explained, that it was not a matching grant.

**Public Comments:** Nannette Roe, San Miguel resident asked because of the “no opinion” on the latest District Audit if that would affect the District from getting this Prop 1 Grant?

Dr. Reely explained, that he had already sent the last three years Audits and because this is a Grant, they are not looking if the District could pay it back or not.

Motion by Director Parent to Approving Resolution 2017-57 Authorization for Submission of an Application for Financial Assistance for The Planning and Design of Improvements to The Districts Wastewater Treatment Plant

Seconded by Director Buckman. Motion was approved by vote of 3 AYES and 0 NOES and 2 ABSENT.

4. **Review and approve Resolution 2017-49 authorizing the purchase of a Trailer mounted Sewer Jetter from Jetter Northwest in amount Not to Exceed \$37,659.90 to be funded from the Wastewater Capital Reserve fund.**

*Item Tabled at adoption of the meeting agenda*

5. **Review and Approve Resolution No. 2017-56 authorizing the Director of Utilities to contract with Aqua Engineering to pull and evaluate the pump equipment at well 3 in an amount not to exceed \$7,700 and authorize up to \$9,000 to make repairs to the well equipment if necessary.**

Item presented by Director of Utilities, Kelly Dodds explaining that Well # 3 was originally developed in the 40's and in 2009, the well was pulled and a new smaller casing was inserted. At that time, no work was done on the drive shaft. At this point the vibration has gotten bad and our only option is to pull the well for \$7,700 and pull and evaluate the well equipment. The \$9,000 is to be used for immediate repairs and reinstallation of the pump. In the event there is major repairs needed, that exceed the authorized funds then this information will be brought back to the board for further discussion and allocation of funds. Total funds to be appropriated is \$16,700 out of Capital Reserve.

**Board Comment:** Director Green, asked why we would not just appropriate the total amount. Mr. Dodds explained that we would need to come back to the Board once we know what the problem is and make a plan.

Director Parent asked about a timeline since this is one of our main wells for the District. Director of Utilities Kelly Dodds, explaining that he is hoping it will only be down for a couple weeks. The evaluations of well #3 has to go well, if not we will be coming back to the Board with an update and feels that this should be taken care of by the end of February.

**Public Comments:** None

Motion by Director Buckman to Approve Resolution No. 2017-56 authorizing the Director of Utilities to contract with Aqua Engineering to pull and evaluate the pump equipment at well 3 in an amount not to exceed \$7,700 and authorize up to \$9,000 to make repairs to the well equipment if necessary.

Seconded by Director Parent. Motion was approved by vote of 3 AYES and 0 NOES and 2 ABSENT.

**6. Review and Approve Resolution 2017-58 Adopting General Manager job description.**

Item presented by Counsel Seikaly, updating the Directors that this General Manager job description was started back in May of 2017 and they have been updating on and off.

**Board Comment:** Director Green asked if this was just a draft or would they like it approved tonight?

Counsel Seikaly explained, that they were looking for approval tonight, if possible.

Director Green asked if this General Manager Job description would fit and it was explained by Counsel White that the District should have a General Manager Job description and expectations on file.

Director Parent feels he has not had enough time to review.

Director Parent Motions to continue this item to next meeting.

Director Green would like a hard copy of the General Managers Job Description before next meeting.

Majority of Board agreed that they needed more time to review the Draft of the General Managers Job Description.

**7. Adopt Resolution 2017-59 appointing Robert Roberson as General Manager of the San Miguel Community Services District.**

*Counsel Seikaly asked that this item be removed and be considered at a later meeting date.*

Majority of Board agreed.

**XII. BOARD COMMENT:**

Director Buckman wanted the Directors to be aware, regarding the audit that the Admin fund was supposed to have ten items and ended up with twenty-eight. That is why it looks like it is 600% over.

Director Parent wished everyone a good Holiday.

Director Green would like to hold the General Managers job description until we have a full board. President Green would like to see the Management letter as soon as it is available and a hard copy. President Green asked about Director Reuck and the Board Clerk informed the board that Mr. Reuck will be in this week or beginning of next week with an official resignation. Counsel White reminds the Director that an appointment needs to be made within sixty days.

President Green would like to discuss a resolution addressing the constant absences of one of the current directors. Director Parent concurs.

Counsel White, explains that he will be in touch and that legally a Director must miss three consecutive meeting to have it considered “abandoning your position as a Director”.

President Green would like to revisit board stipends and look at changing the board by-laws (handbook).

Counsel White, will bring back information next month.

**XIII. ADJOURNMENT: 8:25 P.M.**