

SAN MIGUEL COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
SEPTEMBER 24th, 2020 REGULAR MEETING MINUTES

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

- I. Meeting Called to Order by President Sangster – 6:32 P.M.
- II. Pledge of Allegiance lead by Director Kalvans after the closed session.
- III. **Roll Call:** Directors Present: Sangster, Gregory, Palafox, and Kalvans
Directors Absent: Green
- IV. **Adoption of Regular Meeting Agenda:**
Board Clerk asked to have the Pledge of Allegiance after the closed session.

Motion by Director Kalvans to move Action Item 3 in front of Action Item 2.

Seconded by Director Sangster. Motion was approved by Vote of 4 AYES and 0 NOES and 1 ABSENT and 0 ABSTAINED.
- V. **ADJOURN TO CLOSED SESSION: 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*
 2. **CONFERENCE WITH DISTRICT GENERAL COUNSEL-DISTRICT TRADE SECRETS**
Pursuant to paragraph (b) of California Health and Safety Code Section 32106.
 3. **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: 7:07 P.M.**
Report out of closed session by District General Counsel Dervin, an update on the ongoing litigation was given to the Board of Directors and items 2 and 3 Direction was given to staff. Nothing else to report.

VII. Public Comment and Communications for matters not on the Agenda:

Owen Davis San Miguel Resident voiced that he had some questions. Mr. Davis voiced that the rates have been increased and that he remembers being told by the General Manager Rob Roberson that once the Steinbeck litigation was over the rates would be reduced. Mr. Davis explained that he has looked, and the Water Department is in the black. The District caught the previous Bookkeeper that stole thirty-eight thousand dollars from the district. It is July and everyone gave themselves a raise, including the Board Members. I heard the Director of Utilities Kelly Dodds negotiated himself a very large raise. Mr. Davis voiced that he would also like to know why Director Green was not allowed to go to the negotiations.

Director Sangster voiced that the negotiation of contracts was between the Board and the employees. Director Sangster voiced that Director Green has been out of the state since April and that he had been in contact with Director Green throughout the negotiations.

Mr. Davis explained that Director Green was not allowed at the meetings and that Rob Roberson told him he could not go to the negotiations, and that when the funds were in the black from paying lawyers the District would lower its rates.

Director Sangster voiced that a rate study was done and did the calculations for what the District will need to continue service and Capital Improvement Projects. It was explained that the attorney fees were over a few years.

Mr. Davis voiced that it did not matter, that you as a Board have given all of the employee's large wage increases, and Kelly Dodds the biggest increase. The Board has also given itself a raise. This is not a big community and he would like to know what the raise amounts where and why the community was not notified of these raise increases.

Director Sangster voiced that to reverse any of the rates, is not about just getting in the black it is about (CIP) Capital Improvement Projects. The total of all the CIP is around thirty-four million and the C.S.D doesn't have that money, but the repairs are needed to keep the infrastructure running. Director Sangster voiced that the first large increase was because the rates had not been raised in nine years, and incremental increases are to keep finances accumulating to build up reserves. We need to look at the big picture, and we must look at how to pay for the Capital Improvement Projects that need to be done. The next rate study will be in 2022, and that is when it will be reviewed again.

Director Sangster voiced that the Director of Utilities Kelly Dodds and the District Engineer Dr. Reely have worked hard to get grants, and for example, the next project is mostly funded by grants.

Mr. Davis voiced that he understands but everyone says that we have to pay this guy all this money, and gestured toward the Director of Utilities asking that he makes a lot of money and explained that he would tell the Director of Utilities that if he would like to keep working here, stay here for the amount we are paying you or leave. Mr. Davis voiced that he would guarantee that he would stay here because he makes plenty of money. Mr. Owen Davis voiced that he is tired of hearing about having to pay a stated wage to have these employees, and that is why all the other cities are going bankrupt.

Public Comment: Michelle Hido San Miguel Resident voiced that she had a question for the public and asked why they do not come to the meetings. Mrs. Hido explained that Mr.

Davis said that he doesn't know what is going on, and she voiced that she knows the answer to all his questions because she comes to the meetings and listens. Mrs. Hido voiced that frankly no one wants to work here, and the pay scale is crap and that you can go anywhere else in this county and make more. Mrs. Hido voiced that your options are to get someone who steals to supplement their income, or do you want the current employees that are honest people.

Mrs. Hido voiced that no one here at the District makes two-hundred thousand dollars a year, and all he is doing is insulting the people that work here. Mrs. Hido voiced that she video's the meetings and posts them on YouTube every month; all the information is more than available.

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 Fire Prevention Week is on October 4-10th this year. All Fire Prevention week activities will be done virtually this year. The SMFA has finished the adoption of Mission Street and hopes to get started soon, with clean-up.

Board Comment: Director Sangster asked if there was a plan to give toys away for Christmas this year? Mrs. Hido explained that is still up in the air, due to COVID. Discussion ensued.

Financial Officer Paola Freeman asked about if there are plans to get the donated fruit boxes back again. Mrs. Hido explained that Pastor Mike has a new vendor and is working on getting refrigeration then they should be coming back.

Public Comment: None

4. Interim General Manager: Interim General Manager/ Fire Chief Rob Roberson was not present at the meeting. Board Clerk Tamara Parent voiced that Mr. Roberson left a small update. The SMCSO held its first District Strategic Planning work session. The consensus of the Board was to have each Board Member, send the Board Clerk 10 Goals for the Community/District. If you have not sent in anything, please do so. The next Strategic Planning session date will be a discussion at Board Comment.

Liliana Rojas just finished her 3rd year as District Account Clerk, and with a Satisfactory review, she was given a merit increase to step 4 Account Clerk 1 effective 9-5-2020. Thank you to the Board of Directors for going into the banks and signing. Banking will be reviewed again in January 2021.

Board Comment: None

Public Comment: None

5. **District General Counsel:** Presented by Counsel Dervin. ChurchwellWhite, LLC. Nothing to report at this time.
Board Comments: None
Public Comments: None
6. **District Engineer:** Written report submitted as-is. Dr. Blaine Reely asked for any questions.
Board Comment: None
Public Comment: None
7. **Director of Utilities:** Written report submitted as-is and the Director of Utilities explained that the streetlight on 11th and Mission was taken down by an auto accident and at an estimated cost for replacement of around three-thousand dollars. The car was left at the scene and we will attempt to go after the insurance. The Director of Utilities attended the GSP meeting, to discuss the annual report, and approved a budget for FY20/21 San Miguel portion of the budget for fiscal year 20/21 would be around four thousand dollars.
Board Comment: Director Kalvans asked that if a consultant is hired that the standards be reviewed, and Paso Robles standards are not used. Director of Utilities Kelly Dodds explained that the County of San Luis Obispo standards would likely be used.
Public Comments: None
8. **Fire Chief & Asst. Fire Chief:** Fire Chief Rob Roberson was not present and Assistant Chief Young submitted the report as written and explained that the mileage is not as accurate to date because of assignments, it will be corrected by next month. Asst. Chief Young asked for any questions.
Board Comments: Director Sangster voiced that the mileages vs. total gallons will need to be checked.
Public Comment: None

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

1. **Review and Approve Board Meeting Minutes**

a. 08-27-2020 Regular Board Meeting

Board Comment: Director Sangster voiced that on page 21 of the combined packet, the last paragraph couched need to be changed to couches. On page 23 second paragraph Director Kalvans hydrant water, change in need to if needed.

Director Gregory would like it to be Prop 13 not Prop 15

Public Comment: None

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

Seconded by Director Kalvans. 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 August 2020.** Item was presented by Financial Officer Paola Freeman explaining that the FY19-20 Audit has started and that the auditors were here and at this point, everything is looking good. Mrs. Freeman explained that on September 10th Director Sangster, Tamara Parent,

Dian Sangster, and herself attended the sentencing hearing for the K. Johnson embezzlement case. Mrs. Johnson admitted to the crime and the District received ten-thousand five-hundred dollars as part of the sentencing and the remainder of the money will be collected through the probation office.

Board Comment: Director Sangster explained that the District will have to go back in December and that Attorney Ortiz agreed with the theft of thirty-eight thousand but wanted more information on the Attorney/Investigation fees bills from the District. Director Sangster explained that the total will be around fifty-eight thousand dollars.

Director Gregory asked about the Black Mountain Software cost. Financial Officer Paola Freeman explaining that it is all the District's utility software, and the District has added permitting and dropped a few over the last year.

Director Sangster asked that the cost billed be looked at and sent to the Board of Directors. Director Gregory asked about how the Permitting module would work. Discussion ensued about the tracking of permits and inspections within the District.

Director Palafox asked about the PG&E bill and if it was a normal cost. It was explained that it was normal, and a Discussion ensued.

Public Comment: None

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

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

2. **3. Review analysis by Bartle Wells Associates for Accessory Dwelling Units ADUs for water and wastewater connections and approve RESOLUTION 2020-35 adopting connection fees for ADUs in accordance with Ordinance 02-2008 and 03-2008.** Item was presented by Director of Utilities Kelly Dodds explained that Bartle-Wells was asked to develop a connection fee for (ADU) Accessory Dwelling Units, they analyzed the average home sizes in San Miguel. As part of the 2018 rate study performed by Bartle Wells Associates, they analyzed the current capital reserves and existing connection fees for water and wastewater in relation to the proposed capital projects over the next five and ten-year period. This resulted in an increase in the connection fees for new water and wastewater services within the District. The State of California amended California Government Code 65852.2 requiring that capacity charges be proportional to the burden of the proposed ADU and states that an ADU shall not exceed 1,200 square feet. CGC 65852.2 states, "the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its square feet or the number of its drainage fixture unit (DFU) values, as defined in the Uniform Plumbing Code adopted and published by the International Association of Plumbing and Mechanical Officials, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service." Discussion ensued.

Board Comment: Director Kalvans voiced that he is thinking about small lots in San Miguel would the homeowner be able to subdivide and build. Director of Utilities explained that those small lots cannot subdivide. There are rules about setbacks, and then at that point it would become a County Code issue.

Mr. Dodds explained that we need a proportional share connection fee policy, and Discussion ensued about the square foot allowed.

Director Gregory asked about the attachments, and it was explained that there is a flat fee for signal family connection and a square foot for ADU's. Mrs. Gregory voiced that it is high and that ADU could be paying more. Director of Utilities explained that an ADU's should be smaller. Director Gregory asked what other communities are doing and is San Miguel encouraging or discouraging these ADU's. Director of Utilities Kelly Dodds explained that San Miguel is doing neither, but the District needed to have established a policy for the proportional share for connecting new ADU's to the system.

Director Gregory asked what the setbacks where in San Miguel? Assistant Fire Chief Scott Young explained that if you had 200 acres, you could subdivide the 200 acres into 20 acres sections, and each can have two separate addresses and each address can have an Accessory Dwelling Unit. It was discussed that each house can have one Accessory Dwelling Unit. Mr. Young explained that in San Miguel with the smaller lots you would need to have a four-foot setback and five-foot separation. Discussion ensued about minimal lot size and the impact that these Accessory Dwelling Units, have on the Fire Service.

Director Kalvans asked if we could collect retroactively and feels that it would be good timing to re-look at the District Connection Fees and how they are assessed. Director of Utilities Kelly Dodds explained that the connection fees for water and sewer do need to be addressed and are better than they were, but during our new rate study in 2022. Discussion ensued.

Public Comment: None

Motion by Director Sangster to approve RESOLUTION 2020-35 adopting connection fees for ADUs in accordance with Ordinance 02-2008 and 03-2008.

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

3. **2. Review and approve RESOLUTION 2020-34 adopting the 2020 San Miguel Community Service District Water, Wastewater and Recycled Water Master Plan as prepared by Monsoon Consultants.** Item was presented by Director of Utilities Kelly Dodds and District Engineer Dr. Reely. Mr. Dodds explained that the update has been reviewed and it identifies funding sources and clearly projects population growth. Dr. Reely is present for any questions.

Board Comments: Director Sangster voiced that he appreciated how thorough the Master Plan was, and it was an interesting read. It helps to see the projects that are projected for the future. Director Sangster explained that it would be helpful to see the actual funds that might be available in the grants that are proposed with the projects. Discussion ensued with Dr. Reely explaining how the grant/loan applications work.

Director Kalvans voiced that he has estimated cost for the Terrace, and it is estimated that the cost will be around six-million and is only seven percent of the district's users. Director Kalvans voiced that the District will be subsidizing that for twenty plus years. Director Kalvans voiced that he appreciates the detail in the report.

Director Sangster voiced that he understands, Director Kalvans philosophy but, the District has to look at the totality of the system. Discussion ensued.

Director Kalvans asked that when we relook at the Rate Study, we will need to look at different rate structures and would like to resolve the long-term problem of the Terrace being a money pit.

Director of Utilities Kelly Dodds explained that he doesn't disagree, but the District must look at it as a whole system, and hopefully it doesn't all go at once. Mr. Dodds explained that it will all need to be looked at in the Rate Study including Connection Fees. Discussion ensued about water lines and rate alternatives.

Director Kalvans asked if they knew what water lines are leaking? Director of Utilities Kelly Dodds explained that they would have to do a leak study to get that information. Dr. Reely District Engineer explained that he doesn't see a lot of water loss in the system. The District is within the acceptable zone set by AWWA for normal water loss and explained that the real reason to replace water lines is that they are small cast iron pipes and they get a lot of accumulated mineral deposits.

Director Kalvans asked what would be the one thing that would be catastrophic for the District. The Director of Utilities, Kelly Dodds explained that it would not just be one thing. Discussion ensued. The Rate Study and Master Plans are the District trying to stay ahead of problems, and that everything is tied together.

Dr. Reely explained that in this Master Plan they really looked at where the growth would happen within the District and gives the District a much better idea on what projects to invest in.

Director Kalvans thanked Dr. Reely for his work and wanted to ask about the (SLT) San Lawrence Terrace well pump, and if it was a good use of District funds, or would it be better to do a Well Sighting Study. The Director of Utilities Kelly Dodds voiced that the Board has already approved well site testing and the Well Sighting Study will be coming back to the Board. Mr. Dodds explained that the SLT well has arsenic but produces and the more you pump the better the water gets but explained that the District has put a lot of money into that well, and it's a fine line on abandoning the well, discussion ensued about the cost. The Director of Utilities Kelly Dodds explained that the SLT well is not a household well, you cannot just turn it on and off and that everything must go through the State. Director Kalvans voiced that the estimate for arsenic removal is two million. The Director of Utilities explained that it is an estimate and at this point, they are looking at three to four hundred thousand dollars and are always looking at the most cost-effective way to deal with the situation.

Director Kalvans asked for information on a Cogen (Co-Generation) plant/facility. Director of Utilities Kelly Dodds explained that they looked at it as part of the WWTF, and it was not cost-effective for the treatment facility. It was explained that it will be looked at separately and see if it is effective and if any funding is available. Dr. Reely explained that he looked at it and the logistics and the amount of biomass available are not reasonable or cost-effective. Discussion ensued and Co-Generation will be brought back for discussion.

Public Comment: Owen Davis asked at what point did the arsenic levels go down at the SLT well. Director of Utilities Kelly Dodds explained that the SLT well can only run for an hour or two at a time, and arsenic is reduced. The state mandates that we blend or treat the water coming from that well. Mr. Davis asked if it had ever been "really" pumped, because a normal flow test on a pump is 24 to 48-hours, and that is when you get your true readings, and recommends that the District do a 24-hour test. Mr. Davis voiced that it could

save the District millions and that the District needs to look at all the options instead of raising his rates.

Board Comment: Director Kalvans asked Dr. Reely what should be a good goal for infrastructure growth for an average user, explaining that each residence should be responsible for its infrastructure around their residence? Dr. Reely explained that he has never seen it looked at in that way because there are too many variables. Director Kalvans voiced that it was explained to him that it is a good way to look at it, so it is not such a drain on the system.

Director Sangster voiced that he could not see how you would calculate that, because he agrees that there are too many variables.

Director Kalvans explained that he has calculated that each customer should be responsible for 96 feet of water lines within the District. Director Kalvans voiced that he has been looking at the development pattern, discussion about the Terrace and if the pressure was raised would the District lose lines because of the pressure increase ensued.

Director Gregory asked how many users are on the Terrace. Director Kalvans voiced that it was around seventy users and they paid around seven thousand dollars in September.

Director Kalvans again asked about a Co-generation plant and the Director of Utilities voiced that Director Kalvans should come into the office for more of a discussion about a Co-generation plant and if it would help with energy costs. Dr. Reely expressed that the Co-generation discussion would better serve the District in a Solid Waste Management initiative. Discussion ensued.

Motion by Director Sangster to approve RESOLUTION 2020-34 adopting the 2020 San Miguel Community Service District Water, Wastewater and Recycled Water Master Plan as prepared by Monsoon Consultants

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 2020-33 authorizing the Director of Utilities to contract with *Terrain* for land surveying services for purposes of plan preparation for the replacement of existing water lines in the L street alleyway in an amount not to exceed \$3,800 and authorize a budget adjustment from capital reserve to Professional Services Engineering in the same amount.** Item was presented by the Director of Utilities Kelly Dodds in the August meeting. The Board of Directors requested changes to the contract with Terrain be made regarding changing “Estimated” to “Not to Exceed” and removing reference to potential travel and other additional expenses. The Director of Utilities discussed the changes with Terrain and Terrain was willing to remove the travel and other additional expense language as well as remove estimated from their fee. Director Sangster had additional concerns regarding Terrains General Terms and Conditions, which were discussed with Terrain. The revised proposal and terms are included for approval.

Board Comment: Director Kalvans thanked Director Sangster for working with the Director of Utilities on these contracts.

Director Sangster voiced that he would hope that Terrain would keep the one-page terms for San Miguel in the future and approves of the changes proposed. Director of Utilities

Kelly Dodds expressed that Terrain was interested in keeping these terms for any future work with San Miguel.

Motion by Director Kalvans to RESOLUTION 2020-33 authorizing the Director of Utilities to contract with *Terrain* for land surveying services for purposes of plan preparation for the replacement of existing water lines in the L street alleyway in an amount not to exceed \$3,800 and authorize a budget adjustment from capital reserve to Professional Services Engineering in the same amount.

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

5. **Review and approve a contract by RESOLUTION 2020-38 with Raminha Construction, Inc. for the replacement of water lines on 10th street and 11th street, for a total amount of \$397,880 and authorize General Manager to execute contract and issue a Notice to Proceed, pending receipt of the required bonds and insurance certificates.** Item was presented by Director of Utilities Kelly Dodds explaining that the last time the Board of Directors saw this it was to approve the RFP. From the approved RFP we received seven (7) bids with the lowest qualified bidder being Raminha Construction, Inc. with a total bid of \$397,880. The highest bid was \$660,525.50 which was submitted by John Madonna Construction Co., Inc. The District Engineer has reviewed and tabulated the bids and determined that Raminha Construction Inc. has met the requirements of the bidding documents and is qualified to perform the required work. The Engineers Estimate for the water main construction is \$445,000. Given that the total bid submitted by Raminha Construction Inc. exceeds the CDBG Grant amount by \$47,757 this amount as well as other construction phase costs, including inspection, testing, and environmental monitoring will also be paid out of Water Capital Reserve. The timeline for this project would start in October and build time would be one-hundred and twenty days.
Board Comment: Director Kalvans voiced that he is excited for this project to move forward.

Director Sangster asked if they did a pre-bid walk of the site. Dr. Reely voiced that they did have a pre-bid meeting and walked the site. Director Sangster voiced that he asked because there is a big range between the lowest and the highest bid of almost two-hundred and fifty thousand dollars. Discussion ensued.

Public Comment: None

Motion by Director Sangster to approve a contract by RESOLUTION 2020-38 with Raminha Construction, Inc. for the replacement of water lines on 10th street and 11th street, for a total amount of \$397,880 and authorize General Manager to execute contract and issue a Notice to Proceed, pending receipt of the required bonds and insurance certificates.

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

6. **Review and approve RESOLUTION 2020-36 approving a budget adjustment in the amount of \$13,750 from funds 30, 40, 50, and 60 to WWTF Expansion (581) for the same funds; for repairs and installation of services to the donated office trailer located at the Machado WWTF.** Item presented by Director of Utilities Kelly Dodds explaining that as discussed at the August meeting, an office trailer was donated to the District from Pleasant Valley School, the Board discussed the options and costs of using this trailer or disposing of it and renting an office trailer for the same purposes. The purpose of this trailer is to provide additional office space to relocate the Director of Utilities out of the crowded back office at the fire station, as well as provide office space for operators and a construction office during the construction of the WWTF expansion. Thru a consensus, the Board authorized the relocation of the Director of Utilities office to the WWTF as well as the repair of the donated office trailer for that office. As of the time of the August meeting cost had been incurred for the relocation, and setup of the office trailer to the WWTF, those costs are included in this budget adjustment. There will be additional expenses from repairs to the trailer, and to bring power and internet to the trailer. This budget adjustment is to fund these expenses. The total cost to get to move-in ready condition and relocate the Director of Utilities office is estimated to be \$13,750. These are worst-case estimates. District labor will be used to make repairs to the office trailer, the labor cost is estimated at \$2,500. No adjustment is requested for District labor. Director of utilities Kelly Dodds explained that he was aware that the Resolution needs to be amended to read, the consensus of the Board was not “unanimous consent” of the Board and will be changed.

Board Comment: Director Sangster asked how much time the District Labor will be used, and will it divert the staff from regular day to day assignments. Director of Utilities explained that it will not deter from the staff’s regular work, and the District has several projects that are in process but not ready and they will take precedent when they are ready to proceed. Director Sangster voiced that he doesn’t want to be asked for any more money for the repair of the trailer.

Director Palafox asked if the Director of Utilities sees any reason that he would need more money. Director of Utilities Kelly Dodds explained that he estimated high and doesn’t foresee any other expense.

Public Comment: Dian Sangster asked the Board of Directors if they have seen the trailer and feels that they might want to take a field trip and that should help them understand the extent of the repairs.

Motion by Director Sangster to approve RESOLUTION 2020-36 approving a budget adjustment in the amount of \$13,750 from funds 30, 40, 50, and 60 to WWTF Expansion (581) for the same funds; for repairs and installation of services to the donated office trailer located at the Machado WWTF

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

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 based on the 1st quarter 2020 testing, the plant is out of compliance for a single sample and is out of compliance for the 6-sample average in regard to TDS, Sodium and Chloride. In July the plant averaged 165,457 gallons per day (83% of

hydraulic design capacity) with a max day of 203,348 gallons (102% of hydraulic design capacity). Director of Utilities Kelly Dodds explained that they are on the right track for the construction of the Wastewater Treatment Facility and is going to work out for capacity. The District has received most of the IRWM grant reimbursement of one-hundred and seventy-five thousand dollars and has submitted invoiced to the State for the DWR grant and the first invoices of forty-thousand dollars have been accepted. The State has expressed that they are happy with the progress that the District has made with funding and hopefully that will help with getting more funding. Discussion ensued.

Board Comment: Director Palafox voiced that seeing that there is six months left when will we see construction? Director of Utilities Kelly Dodds explained that a reasonable date would be in March 2021.

Director Kalvans voiced that he is happy we are moving forward and asked if there is a new Site Plan now that the plant had to be moved due to the flood plain. Director of Utilities Kelly Dodds explained that there is a new printed plan in the front office and would gladly go over it with him.

Public Comment: None

Informational Item only.

8. **Review and approve RESOLUTION 2020-37 adopting changes to Chapter 4.A (Board Member Compensation) of the San Miguel Community Services District Board Members' Handbook.** Item was presented by District General Counsel Dervin explaining that in August 2020, the Board considered and discussed updating Chapter 4.A of the District's Board Member Handbook, which is the policy related to compensation of Board members. In a survey of other special districts in the region conducted by Director Anthony Kalvans, it was determined that the District's stipend for Board members is the lowest in the region. Given the complexity of issues presented to the Board, the frequent heavy agendas which can result in meetings of four to five hours in duration, and the frequency of special meetings, it was decided that the current monthly stipend of \$100 per month is insufficient to recognize the amount of time that directors give to the District in their positions. The Board of Directors agreed to approve stipends of \$100 per authorized board function per month, up to a maximum of \$600 per month, the state limit for directors on special district boards. Directors would be compensated for attending any of these events: a regular Board meeting, a special meeting, a special or informal work session or conference, a training program on a topic directly related to the district as assigned or approved by the Board, a Board-appointed regional meeting, and participation in a scheduled Board retreat or Board training session. Board members forfeit any stipend if he or she fails to attend the scheduled monthly Board meeting without a Board-approved excuse, or if he or she arrives after Roll Call or leaves before Adjournment. Board members will not receive any stipend during a fiscal emergency.

Board Comment: Director Sangster voiced that under forfeiture of stipend it reads "thirty (30)" and would like to know thirty what? District Counsel voiced that it is "30 Minutes" and will be amended. Exhibit B – is an amended clean version of Chapter 4.a.

Director Gregory asked about the evaluation, Board analysis? Counsel Dervin voiced that it would be a yearly discussion and how they work together as a whole board.

Public Comment: None

Motion by Director Sangster to approve RESOLUTION 2020-37 adopting changes to Chapter 4.A (Board Member Compensation) of the San Miguel Community Services District Board Members' Handbook, as amended.

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

- 9. Review and discuss standard Terms and Conditions for the District.** Item presented by Counsel Dervin explaining that the District engages in multiple contracts each year with vendors who provide goods, services, or consultation to the District. Each contract is separately drafted, either by the District or the vendor, or a combination of both the District and the vendor, to address each circumstance. While many portions of agreements are identical or very similar to others, Staff time is expended in ensuring proper drafting and content of these agreements, and often duplicative efforts go into each agreement. On the suggestion of Board President Ashley Sangster, District General Counsel set out to create a standardized set of terms and conditions which can be utilized by the District, maintained on the District website for vendor or customer reference, and linked electronically to requests for bids for service. The current proposed "standard terms" document is tailored for use with contracts for services provided to the District by outside vendors. In a discussion between General Counsel and Director of Utilities Kelly Dodds, an effort to develop a single "standard terms" document which would apply to contracts for services, goods, and consultations was considered, but the unique nature of those various types of agreements would cause the document to be unduly lengthy and many provisions which would be applied to one situation would be inapplicable to other contracts, causing superfluous verbiage which might create more confusion than it would clarify. Outside vendors may seek to negotiate certain portions of the standard terms, and Staff or the Board may consider and grant or reject those requests on a case-by-case basis, as modifications of the terms may be necessary or maybe in the best interests of either or both parties. The goal is to create a set of standard terms so that future agreements do not need to be created from "scratch", or repeatedly reviewed and modified for each new contract, and to put all prospective vendors on notice of the policies and expectations of the District before an agreement is in place. This is the first look at the standard service agreements and needs discussion and editing.

Board Comment: Director Sangster voiced that he feels that a section was left out and that would be "Force Majeure: unforeseeable circumstances that prevent someone from fulfilling a contract" and feels that it should be added, and due to COIVD we see this might be needed. District Counsel voiced that under section 18.G Misc. there is mentioned acts of God and feels that we should be beefing up that section. Director Sangster would like to add a whole new section for Force Majeure provisions. Discussion ensued.

Director Sangster would like to have standard terms and conditions for goods and services together and explained that they are generally the same; we could craft one that is for goods

and services and we can always strike sections if needed during the negotiations. District Counsel discussed how that would look.

Director Sangster voiced that he would like to see the District have Standard Terms and Conditions for 1. Goods and Services and 2. Maintenance Agreements and Capital projects would be on their own. Director Sangster voiced that he wants to have the Districts Terms & Conditions posted online so they are easily accessed and if they submit their bid they are automatically consenting to the terms. Director Sangster voiced that any RFP from the District should state that by submitting a bid they agree to the District's Standard Terms & Conditions and that they would have to submit in writing if they had issues with the terms in their proposal.

Director Kalvans voiced that he is happy these are moving forward.

Public Comment: None

Information item only. Direction was given to staff.

BOARD COMMENT: Director Kalvans asked about the phone system at the district, and if it needed to be upgraded. Director Kalvans asked to talk about the date for the next Strategic Planning session. Discussion between Directors ensued.

Next Strategic meeting scheduled for November 5th at 6 pm

Director Sangster voiced that he wanted to welcome Assistant Chief Young back from the North Complex Wildland Fire and thank him for his service along with the strike team. Mr. Young has represented the District well and have glowing reports on this assignment. Director Sangster voiced that he appreciated all Mr. Young does for the District.

XII. ADJOURNMENT TO NEXT MEETING: Adjournment at Approximately 9:43 P.M.