

**AVILA BEACH COMMUNITY SERVICES DISTRICT
MINUTES OF REGULAR MEETING
March 14th, 2017**

1. CALL TO ORDER

President Pete Kelley called the regular meeting of the Board of Directors of the Avila Beach Community Services District, to order at 7:03 p.m. on the above date, in the Avila Beach Civic Center.

2. ROLL CALL

Board Members Present: Pete Kelley
 Lynn Helenius
 Eric DeWeese
 Ken San Filippo
 Ara Najarian

Staff Present: Brad Hagemann, General Manager and District Engineer
 Mike Seitz, Legal Counsel
 Kristi Dibbern, Accounting Clerk
 Carinna Butler, Operations Manager FRM

3. PUBLIC COMMENTS

None

4. INFORMATION AND DISCUSSION ITEMS

A. County Reports

1. SLO Sheriff:

Sheriff Taylor reported 40 calls for service this month. Among those were four traffic stops, two 911 calls, and 5 foot patrols. There were three of business alarm calls and one disturbing the peace. Officers responded to one fight in Pirate's Cove.

A permanent pole camera is scheduled to be installed at the Bob Jones Trailhead parking lot funded by a grant from the County. This camera will view the trailhead parking lot in real time images, with the hope of deterring the high number of thefts and property damage that has occurred. The Sheriff's office is currently staffing one commander, 22 deputies, & one school resource officer.

2. Cal Fire Report:

Battalion Chief Paul Lee from Cal Fire was unavailable to attend the meeting. Sheriff Taylor reported for Cal Fire. Thirty-seven calls for service this month were reported. The vegetation management program is working on both sides of Hwy 101 to insure hazardous sparks from vehicles on the road do not ignite.

B. Reports on Conferences, Meetings and General Communications

GM Hageman announced that there is a CSDA Conference in San Luis Obispo on April 24, 25, & 26, 2017, if interested in attending, please inform Staff and they will get you registered.

GM Hagemann reminded the Board to complete ethics training. The (California Special District's Association) CSDA created individual logins and passwords for each board member. Directors should check their email for further instructions. Completed certificates should be turned into the District office.

5. CONSENT ITEMS

President Kelley introduced the consent items and inquired if any member of the Board or public wished to address any items.

GM Hagemann reported that Lopez Lake is still rising with spring rains. Lake Storage is 29,055 AF and State Water reservoirs are filling up as well. Hagemann stated that State Water delivery is likely to be close to 100 percent this year.

Annual Statement of Economic Interest Form 700's are due. Staff will send directors an email regarding options for the Wastewater Treatment Plant Tour.

President Kelley asked if the private party who broke a water line at the top of San Luis Street this past month will held fiscally responsible. GM Hagemann confirmed that the District would invoice the responsible party for the water line break that occurred during construction.

President Kelley further questioned the water line valves that shut off the water within the District. GM Hagemann expressed his commitment to addressing this Capital Improvement Project of identifying water valves that need replacing and gathering much needed data on existing valves that will remain in service during coming fiscal year.

- A. Minutes of January 10th, 2017 Regular Meeting
- B. Monthly Financial Review
- C. General Manager and District Engineer Report
- D. Capital Projects Status Report
- E. Water and Wastewater Superintendent Report
- F. Request from Avila Beach Farmers Market Association for electrical use by Farmers Market vendors for 2017.

Director San Filippo made the motion to adopt the consent items. Director DeWeese seconded the motion and it passed with a roll call vote 5-0.

AYES: Ken San Filippo
Eric DeWeese
Pete Kelley
Lynn Helenius
Ara Najarian

NOES: None

6. **DISCUSSION OF PULLED CONSENT ITEMS.**

None

7. **BUSINESS ITEMS:** Items where Board action is called for.

A. **Mid-Year Budget Review**

(Action Required: Receive Report and Provide Direction to Staff)

General Manager Hagemann reported income at mid-year was 55% of budget and expenses were at 43% of budget. The Mid-year report detailed specifics of accounts relative to their mid-year budget amounts. Staff will use this information to prepare the draft FY 2017/18 budget. The District remains in strong financial position with a good capital project reserve and O & M Reserve Accounts. Staff intends to develop a Reserve Account Policy as part of the FY 17/18 budget preparation process. Director Helenius asked about the definition of a Suspense Account and why the balance in the Suspense Account was so high. GM Hagemann explained that the Suspense Account is typically a holding account pending clarification from management or the auditing staff. Staff has contacted the auditors at Fedak and Brown regarding the dollars in the Suspense Account and will be clearing that entry shortly.

Public Comment: Anne Brown, Avila Beach asked "Do the auditors charge extra for looking at our books?" GM Hagemann stated that the audit bid includes looking at all accounts and there is no extra charge for the service of clearing the "Suspense Account".

The Board received the staff report and took no further action.

B. **Review of District By-Laws**

(Action Required: Receive Report; Review By-Laws; Direct Staff to Return With Any Proposed Changes for Approval at a Later Meeting)

GM Hagemann explained the annual review of the District By Laws should reflect any new legal

requirements or proposed operational changes. Director Helenius ask if we had a deadline for the upgrades for the WWTP. She was concerned that the Board adopted the five-year rate schedule to fund all or part of the cost of a upgrade. GM Hagemann responded that staff anticipated the Regional Water Board might lower our wastewater discharge permit limits, but we have not received our updated permit. If the Water Board lowers the effluent limits the District will likely be forced to make changes at the Plant. Fortunately, the Plant has been meeting permit limits for past 2.5 years. Hagemann reminded the Board that he anticipates a draft of the Recycled Water Study will be available in June. This study will give the District feasibility and cost options regarding upgrading the plant to full tertiary and making beneficial use of the plant effluent.

Regarding Section 2.8 and 2.9 within the ByLaws: Legal Counsel, Mike Seitz suggested that the District make changes regarding a Director “Abstaining” from voting. Mr. Seitz suggested that instead of “abstaining” a Director should recuse themselves from the meeting until the topic is voted on. Legal Counsel, Seitz suggested the District strike Section 2.9 then add words to Section 2.8 “due to lack of qualification”. The Board directed staff to take out “Abstain” from the By-Laws and return with proposed changes for approval at the April 11th Regular Board Meeting.

C. Status of FRM Contract

(Action Required: Receive Report and Provide Direction to Staff and/or Authorize the GM to execute the annual renewal)

Hagemann provided a brief summary of the Staff report, which stated that the FRM Contract commenced on Nov 1, 2013, with a 3-year term (Nov 1, 2016) with an option for 2 each, one-year renewals (Nov 1, 2017 & Nov 1, 2018). The Personnel Committee met in September 2016 and the FRM Contract was brought to the entire Board in October 2016 to provide input on renewal. Staff worked primarily on updating Scope of Services to reflect actual and highest priority activities. Both parties are OK with proposed update to scope of services. Legal Counsel pointed out that the revised contract clearly identifies who is responsible for what services.

Anne Brown, Avila Beach asked: “If there is a monetary value associated with the contract?” GM Hagemann responded that there is a base fee and an annual CPI (Consumer Price Index) increase.

Director San Filippo made the motion to renew and accept the changes to the FRM contract Director Helenius seconded the motion and it passed with a roll call vote 5-0.

AYES: Ken San Filippo
Lynn Helenius
Pete Kelley
Eric DeWeese
Ara Najarian

NOES: None

ABSENT: None

D. Former Fire Station Tenant Lease Agreement

(Action Required: Receive Report and Provide Direction to Staff)

GM Hagemann summarized the Staff Report stating that the District owns the fire station building located at 100 San Luis Street, Avila Beach. The lease with the current occupants, Visdom Software ends on 12/31/2017. In addition, the District's lease with Avila Beach Civic Association at the current office location, expires 9/30/2017. GM Hagemann commented that now is opportune time to make change if desired. Vizdom Software's rental rate appears to be below market rate. Visdom would like to go to a shorter term (year to year) and lower the rent increase factor. Staff believes it is in District's best interest to further investigate pros and cons of relocating our District office to the Fire Station location, possibly dividing the space and renting the remaining portion at market rate.

The Board directed staff to schedule an inspection of the interior of the Fire Station property at 100 San Luis Street and report back to the Board at the next regular board meeting.

8. COMMUNICATIONS:

California Special Districts Conference at Embassy Suites is scheduled for April 24 - 26th, 2017. Board members that are interested in attending can advise staff for enrollment.

ADJOURNMENT: The meeting was adjourned at 8:52 p.m.

The next regular meeting of the Avila Beach Community Services District is scheduled for Tuesday, April 11th, 2017 at 7:00 pm.

These minutes are not official nor a permanent part of the records until approved by the Board of Directors at their next meeting.

Respectfully submitted,



Brad Hagemann, PE
General Manager

