

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

City of Arroyo Grande, City Council Chambers
215 East Branch Street
Arroyo Grande, California 93420

Minutes of the Meeting of Wednesday May 04, 2016
6 P.M.

1. CALL TO ORDER AND ROLL CALL

Present: Chairman John Shoals, City of Grover Beach; Director Mary Lucey, Oceano Community Services District; Director Jim Hill, City of Arroyo Grande

District Staff in Attendance: Mr. Hubner, District Administrator; John Clemons, Plant Superintendent; Wendy Stockton, District Legal Counsel; Amy Simpson, District Secretary/Bookkeeper

2. FLAG SALUTE

SWEARING-IN CEREMONY

Bookkeeper/Secretary Amy Simpson, administered the Oath of Office to District Administrator Mr. Hubner.

3. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Chairman Shoals opened the public comment period.

Julie Tacker asks the Board to get out of the litigation business and stop giving lawyers business. She spoke to the Oceano complaint against John Clemons and the cost of legal to research the complaint. She requested the Board ask CPS HR Consulting for the resumes and other documents related to hiring a District Administrator. She believes it is unethical to have an attorney texting an alternate during a meeting. She feels it would have been unethical to have Alternate Guerrero sit in Closed Session when the Director of OCSD was at the meeting.

Patty Welsh wants the benefits package on the next agenda. She wanted the District Administrator to be on a probation period. She is upset that a Vice Chairman has not been elected. She would like to see a five member Board. She feels legal counsel texting during the meeting should not be tolerated.

Sharon Brown asked when the Vice Chair will be elected.

Chairman Shoals asked legal counsel about Mr. Hubner's resume.

Legal Counsel confirmed she had responded to Ms. Tacker's request and had nothing further to add.

Chairman Shoals asked staff about the Benefits Package.

District Administrator responded that staff has met several times with our Human Resources consultant. He knows that it is an important priority. The subject matter is complicated because there are vesting and employee relations are involved. The options for revisions to benefits need to be fair, equitable, sustainable, lawful and mindful of labor

relations when they are presented.

Director Hill echoes the request for a timely and thorough benefits package report. He believes Other Post Employment Benefits may be unsustainable. He also requested Mr. Hubner provide a copy of his resume to the District.

Chairman Shoals agreed with requesting a copy of Mr. Hubner's resume.

There being no more public comment, Chairman Shoals closed the public comment period.

4. CONSENT AGENDA

4A. Review and Approval of Minutes of Meeting of April 20, 2016

4B. Review and Approval of Warrants

Chairman Shoals opened the public comment period.

Marc London asks if the Board is prepared to repay the ratepayers for the legal expenses.

Patty Welsh is unhappy with the legal bills. She asked if the John F. Rickenbach invoice had been reviewed.

Julie Tacker asks the Board to expand what the members of the public say in the minutes. She asks that the \$5,000 retainer be removed and the Board pull the John F. Rickenbach warrant until after his Action Item is discussed.

There being no more public comment, Chairman Shoals closed the public comment period.

Director Hill requests that the \$5,000 Downey Brand retainer be removed from the warrant register and that John F. Rickenbach warrant be pulled until after this Action Item is discussed.

Motion: Director Hill made a motion to approve the minutes of April 20, 2016 and the Warrant Register with the exception of the \$5,000 Downey Brand Retainer. And to pull the John F. Rickenbach warrant until after discussion of Action Item 6C.

Second: Director Lucey

Action: Approved unanimously

Director Lucey commended staff on the new format of the Board Agenda Package.

5. ACTION ITEMS:

5A. FISCAL YEAR 2015/16 THIRD (3RD) QUARTER BUDGET PERFORMANCE REVIEW

Mr. Hubner introduced this item with a Power Point presentation. He highlighted the good news that this report shows the District has expended 65% of the budgeted expenditures (at the 75% benchmark) and the District has received 81% of budgeted revenue. He is recommending no budget changes at this time.

The Board appreciated this item not being on Consent Agenda. They appreciated the good news of being at the 65% at the 3rd Quarter. Staff will look to fixing several items that were budgeted too low during the next development budget.

Chairman Shoals opened the item to public comment.

Beatrice Spencer appreciates the review and would like to see the legal fees eliminated.

Julie Tacker congratulated Mr. Clemons for his leadership throughout this time period. She reminded the Board that it is because he charged \$800/month for his services as the Administrator that the District is in a good position.

Chairman Shoals closed the public comment period.

Action: Received and Filed

5B. UPDATE ON EFFORTS TO PLACE DISTRICT'S BILLING SERVICES ON COUNTY TAX ROLL AND POTENTIAL OPTIONS FOR PROCEEDING

Mr. Hubner introduced this report in a power point presentation. He highlighted the chronology of the events, the fiscal considerations, and laid out five different options for consideration to move forward with this item.

Director Lucey reminded the Board and audience that OCSD rate payers are customers of the Sanitation District. OCSD only provides administrative services to the SSLOCSD customers. She also stated that collection on the tax rolls would be hardest on the Oceano customers.

Chairman Shoals asked how to collect the lost revenue of the OCSD customers.

Legal Counsel stated that it could be collected by:

- Filing a small claims suit for every delinquent account; and
- Sending the accounts to a collection agency and receiving a portion of whatever delinquent amounts the agency could collect.

Chairman Shoals confirmed that the Board has taken action two times on this item.

Chairman Shoals opened the item to public comment.

Beatrice Spencer asked if NBS would be charging \$3,500 or \$10,000 for data management. She is in favor of OCSD going to tax roll and AG and GB continue billing as usual.

Ron Arnoldson believes the county tax roll will be more expensive to rate payers and there will be no local control of things.

Patty Welsh is in favor of OCSD on tax roll and AG and GB continue billing as usual.

Sharon Brown asked the Board to be fair and equitable to all stake holders and member agencies. She believes the only options are all three agencies on the tax roll or the hybrid option of OCSD on tax roll and AG and GB continue billing as usual.

Julie Tacker supports putting OCSD on tax roll and AG and GB continue billing as usual. She asks the Board to revisit the \$15,000 flat rate when renegotiating new agreements with AG and GB.

Chairman Shoals closed the public comment period.

Chairman Shoals asked for clarification of data base management cost.

Mr. Clemons clarified that it is \$3,500 for OCSD and \$10,000 for all agencies data base to be managed.

Director Hill stated three goals to be considered.

1. Reliable income stream
2. Avoiding a cash crunch
3. Minimizing cost to rate payers.

He sees converting all agencies to the tax roll this year would put the District in a cash crunch. He is in favor of putting OCSD on the tax roll and AG and GB continuing to bill on behalf of the District. He would like to establish new contracts at a rate not to exceed \$3.25 per customer per year per parcel to keep the cost fair to all agencies.

Director Lucey stated OCSD is more than open to looking at a new contract. She stated OCSD never received a contract.

Chairman Shoals asked mentioned the change in cash position of the District. He wants to make sure no one that is providing a service to the District is subsidized.

Mr. Clemons reminded the Board and audience that when this item was presented originally, it was a year the District had no major projects in the works. Now there are five different projects and penalty the District is preparing to pay this year and that is when the cash flow was reconsidered.

Motion: Director Hill made a motion to adopt a hybrid billing plan where the residents of Oceano Community Services District would be placed on the county tax roll and have the cities of Arroyo Grande and Grover Beach continue to do the billing on behalf of the District to the properties within their jurisdiction. He further moved that the cities bill at a cost more in keeping with the traditional cost of billing that the cities have charged, but not to exceed \$3.25 per parcel per year which would be the all in cost of moving all communities to the county tax roll. He also authorized the District Administrator to negotiate fees with the cities such that the cost will be minimized to District rate payers.

Second: Chairman Shoals seconded the motion but cannot make a commitment to the \$3.25. He requested the motion be amended to also direct staff to renegotiate the contracts with the member agencies and bring these negotiated contracts back to the Board for final approval.

Action: The two agencies of AG and GB will continue to bill the customers within their jurisdiction on behalf of the District and OCSD will be

placed on the county tax roll. The second part of the motion is to renegotiate new contracts with the agencies with no set dollar amount at this time.

Approved 2-1 by roll vote.

Hill	Yes
Shoals	Yes
Lucey	No

5C. REVIEW OF JOHN F. RICKENBACH CONSULTING INVOICE FROM THE DISTRICT'S APRIL 20, 2016 WARRANT FOR SERVICES PROVIDED TO DATE

Mr. Hubner introduced this item. He stated that staff has looked at the invoice and services provided and do feel that it is appropriate to pay this invoice.

Mr. Nunley with MKN updated the Board and audience on the need for the Redundancy Project.

Mr. Rickenbach with JFR Consulting was also present and gave a presentation to bring the Board and audience up to date on the permitting approach and strategy.

The Board had a brief discussion on addressing sea level rise, the Negative Mitigation Declaration, the timeline and asked if Mr. Rickenbach knew if he would stay in the budgeted amount to which he responded yes.

Chairman Shoals opened the item to public comment.

Julie Tacker feels the time period on the invoice is not accurate. She feels the information in the Coastal Commission Application does not match the Financing Application. She would like to have the contract and response from Coastal Commission attached to this staff report.

Motion: Director Lucey made a motion to approve payment of John F. Rickenbach Consulting invoice for the amount of \$11,400.
Second: Chairman Hill
Action: Approved unanimously

6. DISTRICT ADMINSTRATOR AND PLANT SUPERINTENDENT'S REPORT

Mr. Hubner presented this report.

Director Lucey stated that she is open to hearing ideas on Regional approaches and collaborations. She thanked Mr. Hubner for attending the IRWM and RAQ meetings.

Julie Tacker reminded the Board that the District is not a water purveyor. She says a regional approach lies in the Boards hands. She does not feel Mr. Hubner should be paid to attend IRWM meetings.

Action: Received and Filed

7. PUBLIC COMMENT ON CLOSED SESSION

Chairman Shoals opened the public comment period.

Sharon Brown, Beatrice Spencer, Julie Tacker and Patty Welsh all commented on the Closed Session items.

Chairman Shoals closed the public comment period.

8. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION [Paragraph (1) of subdivision (d) of Government Code Section 54956.9]; (two cases).

(1) *South San Luis Obispo County Sanitation District v. Special District Risk Management Authority, Case No.: CV130473*

(2) *South San Luis Obispo County Sanitation District v. State Water Resources Control Board (Superior Court of Sacramento) case number 34-2012-80001209-CU-WM-GDS)*

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representative: (District Administrator)

Employee organization: (Unrepresented employees)

9. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

Legal Counsel stated that the Board had met in closed session regarding all three of the items on the closed session agenda, and took no reportable action with regard to any of them.

There being no further business to come before the Board, Chairman Shoals adjourned the meeting at approximately 10 p.m.

THESE MINUTES ARE WERE APPROVED BY THE BOARD OF DIRECTORS AT THE MEETING OF JUNE 01, 2016.