

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

OCSD Board Room  
1655 Front Street  
Oceano, California 93445

Minutes of the Meeting of Wednesday September 21, 2016  
6:00 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: Gerhardt Hubner, District Administrator; Gilbert Trujillo, District Legal Counsel; Amy Simpson, Bookkeeper/Secretary

**2. FLAG SALUTE**

**3. AGENDA REVIEW**

Chairman Shoals exercised the prerogative of the Chair to discuss items 7B and 7C. He stated that the Directors are elected to represent the District in a respectful and professional manner and that if a Director were to make a motion to table these two items, he would second that motion. Hearing no second, he moved forward with the Agenda as presented.

**4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA**

Chairman Shoals opened the public comment period.

Julie Tacker was called by an Investigator. She voiced the following concerns: Mr. Clemons is not in attendance tonight, a rogue Board member, incomplete agenda packet, Staff and Board members filing complaints, unpermitted buildings, and no Closed Sessions on the Agendas.

Patricia Price was also called by the investigator. She is concerned Mr. Clemons is not in attendance

Debbie Peterson read the 1<sup>st</sup> Amendment. She has concerns about the \$1.1 million-dollar fine settlement.

Beatrice Spencer has concerns about Mr. Clemons not attending meetings.

Chairman Shoals closed the public comment.

Director Hill is very concerned hearing that an investigator had contacted members of the public when he as a Board member has not been informed from the District of what is going on.

District Administrator Hubner responded that the reason Mr. Clemons is not at the meeting today is because he is at a paid District training conference in Las Vegas with another Operator.

Chairman Shoals responded to Ms. Petersons comment. He said "there was a settlement

negotiated. There was an agreement to pay the full amount. The original plan that was put forward gave no assurances that the money would be spent in this District. The factors lined up when Mr. Hubner was hired given his relationships with folks at the Water Board and his experience identifying projects they would accept. And that is what led the District to reach settlement now rather than previously.”

## 5. CONSENT AGENDA

**5A. Approval of Minutes of Meeting of September 07, 2016**

**5B. Approval of Warrants**

**5C. Financial Review at August 31, 2016**

Director Hill requested Item 5B, Warrant Register be pulled from the Consent Agenda.

Chairman Shoals opened the public comment period for Items 5A and 5C.

Julie Tacker spoke to the minutes.

**Motion:** Director Hill made a motion to accept Items 5A and 5C.

**Second:** Director Lucey

**Action:** Approved unanimously by roll call vote.

### **5B. Approval of Warrants**

Director Hill is concerned with the amount of the legal bill.

Director Lucey feels the legal billing is within reason.

Chairman Shoals opened the public comment period for Item 5B.

Julie Tacker commented on the legal bills, the Rickenbach bill, bathroom repair bill, and the warrants related to the Redundancy Project.

**Motion:** Director Lucey moved to approve Item 5B

**Second:** Director Shoals

Director Hill stated that he could not support this item absence separation of the legal bill for further review.

**Action:** Approved by roll call vote.

Yes: Director Lucey

Yes: Chairman Shoals

No: Director Hill

## 6. DISTRICT ADMINISTRATOR AND PLANT SUPERINTENDENT'S REPORT

District Administrator Hubner presented this report giving updates on the RWQCB and District Settlement of 2010 spill, Cherry Ave Bridge Project, Grit Removal System, Mechanical Bar Screen, Secondary Process Redundancy Project, District Control Building and Office, and the Water Reuse meeting.

Chairman Shoals recommended the Board get a thorough inventory of what is located at the District facility and identify a course of corrective action that can be taken.

Director Lucey asked for an update on SCADA and that the Reclaimed Water/Scalping

Project be brought back at the next meeting.

Director Hill clarified for Ms. Lucey that the Scalping Plant grant has been repurposed to a General Waste Water Recycling Study throughout the area.

Ms. Lucey responded that she understood the purpose of the grant and study.

Chairman Shoals opened the public comment period.

Julie Tacker commented on this item.

Chairman Shoals closed the public comment period.

**Action:** The Board received and filed this report.

## **7. ACTION ITEMS:**

### **7A. UPDATE ON DISTRICT'S PUBLIC OUTREACH INITIATIVE, INCLUDING NEWSLETTER AND WEBSITE OVERHAUL**

District Administrator Hubner presented this item in power point and asked for direction to finalize and distribute the Fall 2016 Newsletter. He also gave background on the new website. He expects the website to go live by the end of October 2016.

Director Hill asked what are the District's cost to mail the newsletter without the help of the member agencies.

District Administrator Hubner said it would cost roughly a couple of thousand dollars.

Chairman Shoals opened the public comment period.

Julie Tacker, Patricia Price, and Debbie Peterson gave input on this item.

Chairman Shoals closed the public comment period.

Chairman Shoals asked the public to forward any changes or recommendations to the District Administrator.

Administrator Hubner has noted the public input and will include the changes. He hopes to have the newsletter distributed in the next two weeks. His recommendation would be to have the District print the newsletter and ask the member agency's to include the letter in their utility billing.

**Motion:** Director Hill moved to adopt staff recommendation to investigate with the three jurisdictions on distribution of the newsletter.

**Second:** Director Lucey

**Action:** Motion approved unanimously by roll call vote.

The Board took a five-minute break.

### **7B. REQUEST BY DIRECTOR HILL TO CENSURE DIRECTOR LUCEY**

Chairman Shoals asked legal counsel to respond to why there were no staff reports attached to the agenda and any other matters that he believes to be pertinent information for this body and the community.

Legal Counsel Trujillo responded that this request was by individual Board members pursuant to their authority under the bylaws. Legal Counsel made a few remarks about censure in general.

Director Hill highlighted the Chairs request that we conduct ourselves in a respectful and professional manner and the District provide residents, customers, and public information that is factual.

He read a portion of a public posting Ms. Lucey wrote on social media (Attachment No. 1). "He hopes the Board would repudiate the false information here. He is disturbed Director Lucey takes issue with staff. We had to sit why Mr. Clemons has been attacked, his personal life has been commented on and he is tired of it."

Director Lucey read from an Opinion piece written by Director Hill for Cal Coast News (Attachment No. 2), an email from Director Hill to former District Administrator Rick Sweet (Attachment No. 3) and an email from Julie Tacker to John Clemons and Andrew Brunet (Attachment No. 4). She feels that Director Hill has attacked the Manager of the OCSD. She also has concern with Director Hill meeting with the Water Board chair while there was legal litigation with no legal representation. She believes it was done without the Board's blessing.

Chairman Shoals opened the item to public comment.

Julie Tacker, Julie London, Pat Dempsey, Debbie Peterson, Ron Arnoldson, Carol Henson, Patty Welsh, Ron Holt, Andrew Brunet, April McLaughlin, Beatrice Spencer, and LeAnn Akens all spoke in favor of Director Hills' motion that the Board formally repudiate Director Lucey comments.

Julie London distributed handouts. (Attachment No. 5)

Nancy McNeil does not believe the charges warrant censure of Director Lucey.

Chairman Shoals closed the public comment period.

**Motion:** Director Hill made a motion that the Board formally repudiate Ms. Lucey's remarks.

Director Shoals asked Director Hill to clarify his motion.

Director Hill clarified by saying "Ms. Lucey has made completely inaccurate statements being represented as fact relating to Mr. Clemons and he believes it is time the Board repudiate those comments because they are inaccurate and damaging."

Director Lucey responded that she believes holding Director Hill to the same standards he holds her too. She discussed plant numbers. She believes the damage occurred when Director Hill put Mr. Clemons in an Administrative position.

**Action:** The motion died by lack of a second.

Chairman Shoals directed staff to investigate and report back at a future date about how the plant operates, plant data, the condition of the ocean and anything else that has been captured.

## **7C. REQUEST BY DIRECTOR LUCEY TO CENSURE DIRECTOR HILL**

Director Lucey made a motion to withdraw her censure of Director Hill. Chairman Shoals seconded the motion.

Chairman Shoals opened the item to public comment.

Julie London, Carol Henson, Debbie Peterson, Julie Tacker, and Beatrice Spencer all commented on this item.

Nancy McNeil also gave public comment.

Chairman Shoals closed the public comment period and called for a roll call vote.

**Motion:** Director Lucey

**Second:** Chairman Shoals

**Action:** Approved by roll call vote.

**Yes:** Director Lucey

**Yes:** Chairman Shoals

**Abstain:** Director Hill

## 8. ADJOURN MEETING

This meeting adjourned at 8:10 pm.

The next regularly scheduled Board meeting on October 05, 2016, 6 pm at the Oceano Community Service District Board Room, 1655 Front Street, Oceano, California

***THESE MINUTES WERE APPROVED BY THE BOARD OF DIRECTORS AT THE MEETING OF OCTOBER 5, 2016.***

**Mary Lucey I sit on the south county San. Dist. Board.** Arroyo Grande has not brought a new source of water into AG in over 50 yrs. Lopez was built 50yrs ago.

The tiny town of Oceano has always kept water as a priority. The town voted in state water in 91. We never wanted to rely on our neighbors for water. This year we crunched numbers and bought drought buffet water. This will bring a additional 750 acre ft. for future use. Oceano has built a water portfolio that will carry us far far past 2yrs. We continue to have the lowest water rates in the area.

When the state mandated draught measures to be implemmented we immediately knew this would cause a deficit in revenue and placed a minimal rate increase before the people. By doing this quickly we avoided a large increase. The average household bill increased by \$3 00.

AG leadership ignored the fiscal impact. The Mayor knew this would create a huge deficit and choose to ignore the hardship to households. AG Mayor has created so much chaos **at the sewer plant, it is polarized and continues to spend millions on a poorly maintained plant.**

**If you look at the affluent numbers coming out of the plant, you will see that the 3 million gallons are so dirty, you can't use it. The Hattin 8 have worked tirelessly to fire yet another good qualified manager. #3 and counting. Our plant is being held hostage. With Mayor Hill's adviser, Tacker who friend is the field supervisor isrunning the plant into the ground,it has only created more harm to us and polluted our ocean past repair.**

**The plant can't clean the water good enough to use it.** The mayor of AG has created this disaster. You can see the violations online. Within the past 6 months there has been 2more reportable actions. The city of AG deserve to know what is the status of this plant? AG needs to replace your member on that board. Most of the mayor's dirty tricks are hidden at the sewer plant. This started in 2010 when he first was on the board for the San. district. When the flood hit in 2010 Mr. Hill left his post and turned his back on the south county. Everyone pays for that plant and everyone needs that water. You need a leader.

# Sanitation district should not yield to Ogren's outrageous demands

June 30, 2015



OPINION By MAYOR JIM HILL

As a member of the South San Luis Obispo County Sanitation District Board, I am committed to minimizing costs and fairness in billing practices for all District ratepayers. The member agencies, Grover Beach, Arroyo Grande and Oceano Community Services District (OCS), have always collected sanitation district fees as part of their routine utility billing so ratepayers would not be inconvenienced by multiple bills for related services.

Water supply and sewer collection services are provided by each member agency, and wastewater processing is provided by the sanitation district. The portions of the payment for water supply and sewer collection are kept by the member agency and the portion of the bill for wastewater processing is collected by the member agency and passed through to the sanitation district.

To compensate for the cost of customer billing and passing the funds through to the sanitation district, each member agency back-charges and is paid by the sanitation District. State law says that an agency can only charge the reasonable cost of providing these services. Historically this charge has been approximately \$2 per connection per year although there are no written agreements or policies setting or demonstrating the reasonableness of these charges.

Recently, OCS arbitrarily increased the amount of their charge for billing services by over six times. The amount charged by OCS is now approximately \$13 per connection annually. The total amount charged by Oceano is more than that charged by Grover Beach although Grover Beach has double the number of connections. OCS is charging double the total charged by Arroyo Grande, although Arroyo Grande has three times the number of connections. The OCS's General Manager Paavo Ogren claims this increase is reasonable because it represents half of the cost of their utility billing in consideration of all the staff time required.

Unlike the water bill or sewer collection fee, the wastewater processing charge is not based on usage volume but is a fixed amount that requires no calculation on the part of the member agency staff. All residential customers pay the same fixed amount every two months. The payment the member agency makes to the sanitation district every two months is simply the fixed fee times the number of system connections the member agency has.

An impartial benchmark for reasonable billing service cost is available because the County of San Luis Obispo would add the sanitation district charge to the property tax roll for \$2 per connection per year- the same amount the member agencies have historically charged.

The sanitation district must not yield to outrageous demands for immediate agreement to unjustifiable charges from OCS that are categorically unfair to ratepayers. A deliberate process to reach a fair, justified and documented agreement on member agency charges is needed. The option of putting OCS customer charges for wastewater processing on the property tax rolls is available if necessary to protect sanitation district ratepayers.

Item 5A Attachment No. 2

The sanitation district board will discuss Ogren's demands on Wednesday, July 01, at 6 p.m.

**From:** Jim Hill <jhill@arroyogrande.org>  
**Sent:** Wednesday, August 26, 2015 11:23 PM  
**To:** Rick  
**Subject:** Agenda

Rick-

Thank you for the effort this evening; clearly there was a different agenda going on in their meeting. Please send the draft SSLOCSD agenda for review when it is prepared. I believe Mr. Nunley's draft report should be ready for this coming meeting, and I would also ask for an item to appoint John Clemons as acting manager with appropriate upgrade.

Thanks and best regards!

-Jim Hill

Sent from my iPad



**From:** Jeff Edwards <jhedwardscompany@gmail.com>  
**Sent:** Thursday, September 1, 2016 6:51 AM  
**To:** John Clemons; Andrew Brunet  
**Subject:** Fwd: ODIP  
**Attachments:** 300465 - Aug 2016 Estimates.pdf; 300465 OCSD final NTO ltr.pdf

This is important information for you guys to have. This is the secret that will empty the reserves in a New York minute that Paavo doesn't talk to his board about.  
See the attached.

Julie Tacker  
Administrative Assistant

J.H. Edwards Company  
P.O. Box 6070  
Los Osos, CA 93412  
805.235.0873 - Jeff  
805.235.8262 - Julie  
805.528.3569 - Office

----- Forwarded message -----

**From:** Genaro Diaz <gdiaz@co.slo.ca.us>  
**Date:** Thu, Aug 25, 2016 at 11:29 AM  
**Subject:** RE: ODIP  
**To:** Jeff Edwards <jhedwardscompany@gmail.com>

Jeff-

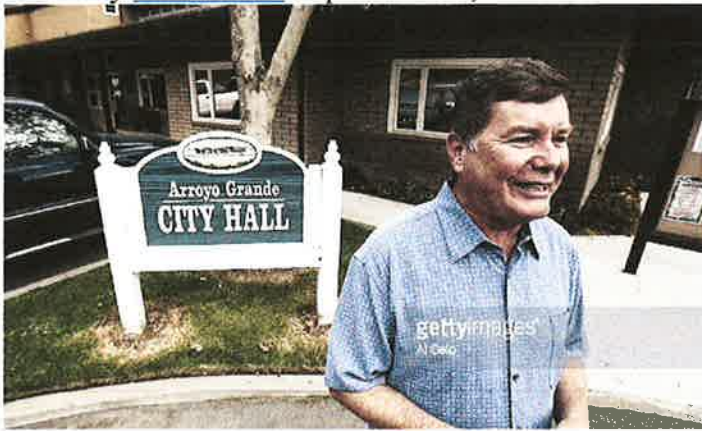
See attachments for project costs/funds estimates and latest communication with OCSD regarding utility conflicts as requested. As discussed yesterday, we anticipate final Plans/Specifications/Estimate will include OCSD's utility relocations and anticipate completion of this next month. Project budget to be updated later this year.

-Genaro

781-5279

## Jim Hill: New Town, Same Old Tricks

Posted by [Aaron Ochs](#) September 16, 2016



By **MARY LUCEY**

*Board President of the Oceano Community Services District*

In the community of Oceano, residents have paid the consequences for Jim Hill's inept leadership since 2006. Though he initially vowed to rid our community of corruption, he ended up embodying it. Now Jim Hill is repeating history in Arroyo Grande.

When he arrived to the Oceano CSD, Hill demanded to be elected "Board President." When Jim Hill arrived, the OCSD was a functioning utility comprised of other publicly elected board members with an efficient, experienced staff. Staff had decades of experience and contributed to the reserves while providing all the functions necessary and required of a CSD.

After he abruptly quit the OCSD, Hill left the district in shambles.

He left the district without three years of mandatory yearly audits. He discarded a ratepayer study in favor of rough calculations. These "calculations" contributed to a four-year budget deficit.

Hill sought to dismantle and bankrupt the district, then turn it over to the County through a variety of scare tactics, mismanagement, fiscal frivolity, and arbitrary actions beyond his authority.

When Hill's efforts to bankrupt the district failed – which included an attempt to sell our "rights to state water allotments" to a Price Canyon developer – he quit and convinced board member Carol Hensen to quit with him. Hill also attempted to encourage other board members to quit, stating in part that he wanted to "make the district fail."

As Board President, Hill implemented immediate and frequent dismissals of staff and contracted employees – creating a hostile workplace and bringing divisiveness to the district. As

a result of high turnover, board members and community activists had to volunteer for staff duty.

Hill created chaos and an atmosphere of hostility for staff and board members alike: name calling, spreading false rumors and personal attacks. Anyone questioning him was quickly vilified, alienated and stripped of committee assignments.

For example, to justify an unnecessary \$200,000 billing program, Hill falsely accused staffers of embezzlement. Hill showed deep distrust toward a staff that provided years of accurate, timely and well-documented billing practices. In another instance, Hill went after another board member, forcing his colleague to cut her driveway in half. Hill was also responsible for capping and disconnecting her water service.

Board meetings quickly turned into political theater and their infamy spread far the community and throughout the county. In Arroyo Grande, the show goes on.

Jim Hill is the same person now as he was during his term with the OCSD. Given the chaos and instability that he created within the South County Sanitation District using the same unethical tactics as the ones he deployed in Oceano, Hill is distinctly unqualified to be mayor.

**Tags:** [Jim Hill](#), [Oceano Community Services District](#)[Oceano CSD](#)  
[POSTED ON "Richard Waller for AG Mayor" facebook page](#)

Response to Richard Waller from [Mark London](#):

I did post a long response to Ms. Lucey's unfounded accusations. Mr. Waller chose to remove my post, saying it was not relevant to the Mayor election. I beg to differ, since the status of the Sanitation District is of great importance to our city. I think if Mr. Waller meets with you, he will see the truth and the importance of this. PS. If you would like to see my response, please let me know and I can email it to you.

A little touch of reality:

Mary Lucey states “AG Mayor has created so much chaos at the sewer plant, it is polarized and continues to spend millions on a poorly maintained plant.” For those who have not attended the Sanitation District meetings regarding the sewer plant, I ask that you simply watch the videos of the meetings to determine for yourselves where the dysfunction lies. The costs of operation since Mr. Wallace left already has saved millions – nearly \$3m since 2013 and will ultimately save millions more if administrative costs are kept under control. I know Ms Lucey you are attending the meetings, but are you even there??

Ms Lucey continues, “If you look at the affluent numbers coming out of the plant, you will see that the 3 million gallons are so dirty, you can't use it.” What?? The reports on the Effluent flowing out is monitored and trending cleaner than it has for over a decade because previously reported is so nebulous, which you have even commented so at meetings.

She continues, “The Hattin 8 have worked tirelessly to fire yet another good qualified manager. #3 and counting. Our plant is being held hostage.” You seem to want to work in a vacuum and seem to be simply not interested in public participation in our government and the support agencies. Public interest and comment have been both supportive and where the commenter deemed appropriate offered criticism; it's the way the system is supposed to work. As to manager turn-over, they were hired as temporary. There have been 2 since Mr. Wallace quit/retired, they were never hired as permanent replacements. You were there weren't you? How and in what way is the plant being held hostage??

Ms. Lucey writes, “The field supervisor is running the plant into the ground, it has only created more harm to us and polluted our ocean past repair.”  
If this is true, why is the field supervisor not fired and why have we not been noticed of contaminations to the ocean we swim in?? Because it's not true.

She continues, “The plant can't clean the water good enough to use it.” You are on the board and you're telling us that you're overseeing a failing facility? The fact is the plant is cleaning the waste water to the standard set by the water board for release into the ocean. It seems obvious that the plant would require significant upgrades to provide clear, healthy water for the aquifer. If you're not up to task, then quit.

There are 3 members on the sewer plant board, you Ms Lucey, Mr. Shoals and Mr. Hill. Mr. Shoals is currently the chair. Are you suggesting that Mr. Hill holds that much more influence on the board than either you or Mr. Shoals? If this is the case, the citizens of Oceano are very under served by your presence on this board. It seems obvious, Oceano requires a new representative on the board. You don't seem up to the task, Ms Lucey.