



## **SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

Grover Beach City Council Chambers  
154 South 8<sup>th</sup> Street,  
Grover Beach, CA

Action Summary Minutes of the  
Meeting of Wednesday, June 7, 2017 here  
6:00 P.M.

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### **1. CALL TO ORDER AND ROLL CALL**

Chairman Shoals called the meeting to order and recognized a quorum.

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

District Staff in Attendance: Gerhardt Hubner, District Administrator  
Mychal Jones, Acting Chief Plant Operator  
Gilbert Trujillo, District Legal Counsel  
Wendy Stockton, District Legal Counsel

### **2. PLEDGE OF ALLEGIANCE**

### **3. AGENDA REVIEW**

There were no changes to the Agenda.

Director Hill questioned as to why the last meeting had been cancelled.

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

John Clemons commented on the Board meetings being angry and polarized, lack of leadership at the District and District Administration and District Staff getting together to discuss the ongoing investigation.

Julie Tacker spoke regarding a policy on how to get written correspondence into an agenda packet, correspondence going out that has not been included in the Administrator's Report or directed by the Board, problems with funding for the Redundancy Project, and entering into an agreement with Kennedy/Jenks without discussing the stronger conditions that come with the 30-year permit.

Ron Arnoldsen spoke regarding petty comments, former District Administrator John Wallace, District staff on paid administrative leave, and the progressive discipline process.

John Wysong commented on reverse osmosis, all politicians on the Coast should resign, former District Administrator John Wallace, and getting grant funding from the State.

Cinnamon Lofton commended John Clemons for his articulation.

Terri Klier spoke about living in Oceano, upheaval and drama at the Sanitation District, District Administrator and John Clemons working together, and John Clemons passing the Grade V Wastewater Treatment Plant Operator test.

Patricia Price commented on meeting with the District Administrator at the Sanitation District, the Knudson Report, the District Administrator and Plant Superintendent reporting to the Board of Directors, by-laws on a Director not being able to put an item on the Agenda and having a divided Board.

Wayne Mills questioned the Plant being ran by a Grade III Operator.

Lindsey Westgate commented on the Agenda being extremely long and asked if it was due to the meeting being cancelled.

Mary Lucey spoke about changing public comment to 3 minutes per person per meeting, smelling alcohol in the audience, thanked the District Administrator for getting a 30-year permit, how much district staff time is spent on public records requests, a public record request for the plant security system video tapes, staff on administrative leave threatening litigation speaking at the meetings and thanked Director Hill for suggesting the 30-year permit from the Coastal Commission.

Colleen Kubel stated not all of the public is on one side or the other and she agreed that everyone should be at the table and get to the truth.

Chairman Shoals asked about the certification requirements for the facility Plant Operator.

District Administrator Hubner advised the Plant is a Class 3 Plant and needs only one Grade III Operator. He further advised that Mr. Jones has a Grade III Operator Certification and the State Water Resources Control Board (RWQCBO) has been provided with the information.

Chairman Shoals stated he has asked for respectful comments when the public is speaking, he attempts to give all speakers a fair amount of time when speaking, and he disagrees with the comments made by Ron Arnoldsen.

Director Austin commented on a letter to the Sanitation District from the RWQCB regarding the grit removal project.

Administrator Hubner acknowledged a letter had been received in response to the May 3, 2017 letter regarding the District's obligations. He stated he did not believe the last paragraph of the RWQCB letter is correct. He further stated the District currently has several Grade III Certified Operators.

Director Hill stated he is in agreement with John Clemons comments regarding communication with the Board of Directors, Administration and Mr. Clemons. He further stated he did not think the Board had done enough.

Chairman Shoals closed Public Comment.

**5. CONSENT AGENDA:**

Director Hill requested all Consent Agenda items be handled separately.

District Legal Counsel advised that District By-laws allow Directors to pull any item off of the Consent Agenda.

**5A. Approval of Warrants**

Director Hill stated the costs for legal services are abnormally high and he will vote against the warrants.

Chairman Shoals opened the public comment period.

Julie Tacker spoke about the costs of legal services, and the City of Grover Beach charging for having an officer at the District meetings.

Mary Lucey stated that it gives some of the public a sense of security to have a Police Officer at the meetings, and she spoke on the diversion attack by pulling all the items off of the Consent Agenda.

Patricia Price commented on the cost to have a Police Officer at the District meeting.

John Wysong spoke on reverse osmosis and writing letters for grants.

Chairman Shoals closed the public comment period.

Chairman Shoals stated he will speak to the Grover Beach City Manager about the charges for having a Police Officer attend the meetings.

Director Austin commented that having the police at the meetings make it more civil and the costs should be discussed.

**Motion:** Director Austin made the motion to approve the Warrant Register.

**Second:** Chairman Shoals seconded the motion.

**Action:** Motion passed 2 – 1. Director Hill voted No.

**5B. Approval of Minutes of Meeting of April 5, 2017**

Director Hill stated the Minutes do not reflect if the speaker spoke in favor of or against any issue.

**Motion:** Director Austin made the motion to approve the Minutes of April 5, 2017.

**Second:** Chairman Shoals seconded the motion.

**Action:** Motion passed 2 – 1. Director Hill voted No.

**5C. Approval of Minutes of Meeting of April 19, 2017**

Director Hill stated the Minutes inaccurately reflect the fact the Closed Session meeting continued in his absence or nor do they reflect the time of completion.

District Legal Counsel Gilbert Trujillo stated that Director Hill recused himself from the meeting during Closed Session and he, Director Hill, was not present when Closed Session was reported out. Mr. Trujillo further stated he had reflected in the Closed Session minutes that Director Hill had recused himself from the meeting.

(Director Hill recused himself from Closed Session and left the April 19, 2017 meeting at 8:45 p.m. The Board reconvened to Open Session at 9:09 p.m. there being nothing to report from Closed Session the April 19, 2017 meeting was adjourned at 9:10 p.m.)

Julie Tacker asked why Director Hill recused himself and what was his actual time of departure.

Debbie Peterson commented on correcting the spelling of a speaker's name, and objected to the interpretation of comments made by two speakers during the April 19, 2017 meeting.

Colleen Kuble stated that minutes can be used in litigation.

Shirley Gibson suggested the District minutes be more like the City of Arroyo Grande's minutes or Action Summary Minutes.

Ron Arnoldsen agreed with Director Hill's comments and he believed there was a Brown Act violation. He stated the minutes are so subjugated they are not accurate and he wanted his comments of April 19, 2017 to be accurately stated.

**Motion:** Director Hill made the motion to Table the Minutes until corrections are made.

**Action:** Motion died for lack of second.

**Motion:** Director Austin made the motion to approve the minutes with corrections to Closed Session as stated by Counsel.

**Second:** Chairman Shoals seconded the motion.

**Action:** Motion passed 2 – 1. Director Hill voted No.

Director Austin suggested the District minutes go to Action Summary minutes.

**5D. Approval of Minutes of Meeting of May 3, 2017**

Director Hill stated approval of the warrants should be itemized in the minutes.

Chairman Shoals opened Public period.

Julie Tacker commented on the reason the minutes were not approved at the last meeting was due to one of the Board members being absent from the meeting, she wants more than Action Minutes.

John Clemons agreed with moving to Action Summary minutes.

Shirley Gibson stated she did approve one set of minutes but she did not review the second set of minutes.

Ron Arnoldsen said the simple way is to fully quote the speaker.

Mary Lucey commented on the ongoing diversionary tactics regarding the minutes.

Chairman Shoals closed the Public period.

Director Hill stated to add what the clarification was on the warrants and the 10-year Coastal Commission permit was an important part of the discussion.

District Administrator Hubner stated he had provided the clarifications regarding the Warrant Register.

**Motion:** Director Hill made the motion to Table the Minutes until corrections are made.

**Action:** Motion died for lack of second.

**Motion:** Director Austin made the motion to approve the minutes of May 3, 2017.

**Second:** Chairman Shoals seconded the motion.

**Action:** Motion passed 2 – 1. Director Hill voted No.

**5E. Request Approval to Purchase a Moyno Sludge Pump and Appurtenances for Primary Clarifier No. 1**

Chairman Shoals opened the public comment period.

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

**Motion:** Director Austin made the motion to approve the purchase of a Moyno sludge pump and appurtenances for Primary Clarifier No. 1.

**Second:** Director Hill seconded the motion.

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

## 6. ACTION ITEMS:

### 6A. REQUEST AUTHORIZATION TO PROCEED WITH KENNEDY/JENKS CONSULTANTS FOR DESIGN AND CONSTRUCTION SERVICES FOR DISTRICT'S WASTEWATER REDUNDANCY PROJECT

District Administrator Hubner provided a report and presentation on the item recommending Kennedy/Jenks Consultants for the design and construction services for the wastewater redundancy project.

Director Austin thanked the Administrator for attending the Coastal Commission meeting and getting the 30-year permit.

Director Hill asked about the cost of the Coastal Commission conditions for the 30 year-permit.

District Administrator Hubner advised the Board the costs for the coastal monitoring plan would be about \$24-25k.

Chairman Shoals opened the public comment period.

Julie Tacker stated she was offended that her comments were being characterized she further stated she had asked what costs are associated with the Coastal Commission conditions, the life expectancy, the costs of the site alternative, it is premature to enter into a design phase without a briefing and the site is at risk.

Wayne Mills asked about the difference between wastewater redundancy and the Regional Groundwater Sustainability Project (RGSP).

Shirley Gibson congratulated the District Administrator on his success at the Coastal Commission.

Mary Lucey congratulated the District Administrator on his success at the Coastal Commission. She stated the plant needs upgrades and the redundancy is going to do it.

Patricia Price stated it would be beneficial to see what the guidelines are, and she would like to know more about what the Coastal Commission is asking.

Patty Welsh congratulated Chairman Shoals and District Administrator Hubner for getting through the Coastal Commission and asked if the Coastal Commission meeting was open to the public.

Chairman Shoals closed the public comment period.

District Administrator Hubner provided an explanation and presentation on the redundancy project versus the RGSP, the debriefing was provided in the staff report of May 3, 2017, and the Coastal Commission conditions did not change.

**Motion:** Director Hill made a motion to approve Kennedy/Jenks Consultants to proceed with Final Design (and other phases) within its existing contract to provide design and construction services for the District's Wastewater Redundancy Project.

**Second:** Director Austin seconded the motion.

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

**6B. MEMORANDUM OF AGREEMENT WITH THE CITY OF PISMO BEACH TO COST SHARE FUNDING AN ENVIRONMENTAL IMPACT REPORT TO SUPPORT THE REGIONAL GROUNDWATER SUSTAINABILITY PROJECT**

District Administrator Hubner provided a presentation on entering into an agreement with the City of Pismo Beach to cost share funding an Environmental Impact Report to support the Regional Groundwater Sustainability Project.

Director Hill stated he was concerned about items in paragraphs 3 and 5 regarding the Regional Groundwater Sustainability Project (RGSP) not the Environmental Impact Report (EIR).

District Administrator Hubner responded to Director Hill's questions.

Ben Fine, Public Works Director City of Pismo Beach, explained the EIR program management fee.

Chairman Shoals opened the public comment period.

John Clemons commented on the deficit of revenues to spending, the EIR not being the same as what the District would do so it is not a savings. He further commented on there not having been a presentation on the project to the Board so they do not know what the cost benefits are.

Julie Tacker commented on the EIR, Pismo wanting the District to spend \$127k so they can have the first step on District property, that some of this seems to be directed at seawater intrusion and the project is premature and inappropriate at this time.

Patricia Price stated she was confused about who pays for what. She asked if all Cities are paying, why the District is paying and what the EIR is for.

Mary Lucey stated she would like to see the EIR move forward.

Ron Arnoldsen stated the District might want to beware of Pismo bearing gifts and he spoke about past experiences with the City of Pismo Beach.

Debbie Peterson spoke about a plan to expand funds with other Cities; she asked if the District had a plan for water credits or guidelines on how the District is protected.

Patty Welsh commented on the drought, keeping our water local and the need to move forward with the project.

Shirley Gibson stated she understood the \$127k was a cap and she supported the EIR.

Ben Fine advised the Board they have done outreach and all City Councils Council Members, except one, has been in support of the RSGP. He further advised the Board they do want to put the project on the District property and that District Administrator Hubner has been instrumental in moving the project forward. Mr. Fine stated it was better to have one project and share the resources, a regional project with regional goals. He advised the Board that Pismo was getting the smallest amount of water out of the project, the EIR will look at outside sites, effluent is already there, potable water will be shared and Pismo Beach cannot annex Price Canyon without a vote. He stated that they wanted to provide a reliable new source of water which has not been done for 20 years, and they want to move forward so they have sustainable water.

Chairman Shoals closed the public comment period.

District Administrator Hubner spoke about collaboration of regional agencies.

Director Austin stated she was very comfortable with the project.

Director Hill stated the EIR will discuss feasibility and environmental impacts of the project. He further stated an EIR is necessary for the 1<sup>st</sup> step. He asked if grant funding for the EIR had been pursued and he commented that this would be the first new water supply in 20 years.

Chairman Shoals said he agreed with the points made by Director Hill and that the EIR will look at alternatives.

**Motion:** Director Hill made a motion to enter into a Memorandum of Agreement with the City of Pismo Beach to cost share funding an Environmental Impact Report to support the Regional Groundwater Sustainability Project.

**Second:** Director Austin seconded the motion.

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



**6C. UPDATED 2017 DISTRICT CAPITAL IMPROVEMENT PROJECT (CIP) AND REPLACEMENT SCHEDULE**

District Administrator Hubner provided an update on the District's Capital Improvement Project and Replacement Schedule for Calendar Year 2017.

Director Hill asked why they went back to 2013 Capital Equipment list as a basis instead of using a more current update.

District Administrator Hubner advised 2013 was the last most accurate version developed with cost values that can be trusted.

Chairman Shoals opened the public comment period.

John Clemons stated the document was used every year, and the District has been using the same tool.

Julie Tacker stated attaching the 2013 list along with a redline version would be good and she asked why a consultant was used.

Patty Welsh said she was confused when John Clemons gets up to speak if he is speaking as a ratepayer or an employee.

Chairman Shoals closed the public comment period.

Chairman Shoals asked about the updating tool.

District Administrator Hubner stated he wanted to bring the best expertise, that he engaged the District Operators in the update and he wanted to do a comprehensive report right.

Chairman Shoals asked District Legal Counsel if John Clemons was speaking as a ratepayer or District employee.

Gilbert Trujillo, District Legal Counsel, advised that John Clemons should be identified as an Oceano Community member.

The Report was received and filed.

The Board took a 10 minute break and recessed at 8:35 p.m.

The Board reconvened at 8:45 p.m.

**6D. THIRD (3RD) QUARTER FISCAL YEAR 2016/17 BUDGET PERFORMANCE REVIEW**

District Administrator Hubner gave a presentation on the District's 3<sup>rd</sup> Quarter Fiscal Year 2016/17 Budget Performance Review.

Director Hill expressed his concerns regarding the revenue falling short of the expenditures by \$250k.

District Administrator Hubner explained the use of funds in Fund 20, utilizing accumulated funds, drawing down the use of funds and the past rate increase.

Discussion was held regarding revenue versus expenditures and the use of funds from Fund 19, 20 and 26.

Director Hill again expressed his concern with spending more money than what is being taken in.

District Administrator Hubner explained the District's revenues and stated he will check in with the actuals.

Chairman Shoals opened the public comment period.

John Clemons stated he had the same concerns as Director Hill. He stated that there should be a \$25k drawn down, and you can't end with more if you spent more than what was brought in.

Patricia Price stated she was concerned that the rate raise funds weren't being set aside for the redundancy project.

Kris Victorine said she was unclear if other accounts are over budget and that using only a percentage is misleading. She stated that without amounts there is no way to determine amounts and a budget to actuals need to be provided to the Board and ratepayers.

Debbie Peterson commented on Fund 20, the Board having discretion to use Fund 20, Fund 20 is for capital, and Fund 26 is not to be used for operations. She further commented if the Board wants to make changes there would need to be Board action to change how the funds are to be used.

Julie Tacker wanted to know who the qualified bookkeeper was and how much it was costing. She commented on the possible need for a redundancy sub fund, to watch project by project, the Board needing to watch the brine disposal services and the Pismo recycling displacing some of the brine to go out the outfall.

Chairman Shoals closed the public comment period.

District Administrator Hubner commented on the reserve policy for redundancy, the need for a separate account for the reserve, tracking the redundancy expenditures, no dedicated revenue, and utilizing the same accounting system as the previous reconciliation. He further commented on one time payments skewing the budget depending on when they come in.

Director Hill commented on the high costs for outside counsel, increased fees for the redundancy project being comingled, and keeping track of the increased rates collected for the redundancy project.

**6E. DRAFT FISCAL YEAR 2017-18**

District Administrator Hubner provided a presentation on a proposed Draft Budget for Fiscal Year 2017-18 beginning July 1, 2017.

Director Hill stated he was concerned with a deficit budget; the amount budgeted for outside counsel, litigation being under the current year budget, and the I & I issue demonstrated through plant performance numbers.

Chairman Shoals opened the public comment period.

John Clemons commented on a Resolution that states how Fund 20 can be spent, the Board making Fund 20 discretionary, redundancy rate study breakdown, spending for redundancy out of Fund 20 with fees collected out of Fund 19, transfer of funds out of Fund 19 to Fund 20, the Budget having a deficit for the last two years, the need for a pro forma Budget, and the need to have an extended plan.

Debbie Peterson stated there is a \$300k income showing for waste.

Julie Tacker commented that John Clemons does not have to identify where he is from, District Administrator Hubner saying Fund 20 is discretionary, making the report more user friendly, being held accountable if there is a Resolution stating where the funds need to be spent, having a strategic plan, spending \$5k for security and having a workshop to go through the Budget Fund by Fund.

Kris Victorine spoke about her concerns with the Budget, expenditures exceeding revenues, recruitment costs being a \$30k decrease from prior years, the increase in advertising, legal and recruitment, plant chemicals, not making the same mistake as in the Wallace years, and use of account number changes in Fund 19 Account 1760 and Professional Services Fund 20 Account 8015.

Patricia Price stated she thought having a budget workshop was a good idea.

Chairman Shoals closed the public comment period.

Director Hill stated he thought Ms. Price's suggestions were good.

Chairman Shoals commented on a budget workshop and the rates being raised for other things.

District Administrator Hubner commented on the Budget's focus on investment in equipment, maintenance for the District's facility and not a lot of studies.

Director Austin asked the next meeting be a short agenda and bring back the budget on June 21, 2017.

## **6F. DISTRICT ADMINISTRATOR AND PLANT OPERATION'S REPORT**

District Administrator Hubner provided an update on the Cherry Avenue, Arroyo Grande Sewer Bridge Project, Mechanical Bar Screen, Redundancy Project Coastal Commission 30-year permit approval, financing and loan package, Recycled Water Planning Facilities Study Grant, District Control Building and Office, New Capital Projects, Bio solids Concrete Slab, Primary Digester No. 1 Cleanout received bid exceeded the amount approved by the Board, created a What's Happening on the website and press release, a forensic audit was performed on the District server and desktop, meet and confer on the PPM, strategic planning workshop currently on hold, working on the audit and getting the fixed assets to the auditor, Regional collaboration, sewer system management plan and brine disposal plan have been submitted and Public Records Act list of requests.

Interim Plant Superintendent Mychal Jones provided an update on a recent violation of high chlorine usage on May 3, 2017. Other than the high chlorine usage the plant numbers are great and plant staff has been busy.

Director Hill stated he would like to hear from the IT Consultant on what he found in the audio tapes.

Chairman Shoals asked if there were trainings coming up soon,

Mr. Jones stated there were safety trainings planned to go over safety data sheets and more trainings are planned in the near future.

Chairman Shoals opened the public comment period.

Julie Tacker spoke of the San Diego training for Mr. Hubner being a conference not training, high level of chlorine being a concern, what will the fine for the violation be, she frequently requests public records, that her requests are being mailed, the brine disposal program and Cambria proposed brine to the District.

Chairman Shoals closed the public comment period.

The District Administrator and Plant Operation's Report was received and filed.

## **7. BOARD MEMBER COMMUNICATIONS**

Director Hill spoke of him receiving information from the District by certified priority mail. He commented on the RWQCB letter and the idea that the District was somewhat vague. He asked if the Board or staff had not complied with the Public Records Act.

District Legal Counsel Trujillo stated he was not aware of any violation of the Public Records Act or the Brown Act.

District Administrator Hubner stated they were very clear on what the District was proposing to the RWQCB as an enhanced compliance project and its timeline.

Chairman Shoals stated he was at the meetings when the projects were proposed and he suggested scheduling a meeting with the Chairman of the Water Board to discuss the comment in the letter regarding the grit removal project.

Director Austin spoke regarding public records requests and the fact that not all documents are in an electronic format and have to be scanned. She thanked the public for their comments and stated that at previous meetings accusations were made against District Staff. Director Austin suggested having an agenda item at a future meeting to explain what the Board's responsibility is to defend their Administrator against slander, liable and defamation.

## **8. CLOSED SESSION**

### **8A. PERFORMANCE EVALUATIONS**

Title: District Administrator  
Title: District Counsel

### **8B. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraphs (2) of subdivision (d) and (5) of subdivision (e) of Section 54956.9: (one potential case).

Chairman Shoals opened the public comment period.

Patricia Price commented on communication with all Directors, District Administrator being a liaison between the Board of Directors, Director Hill's questions and the answers to his questions being made available for the public, sitting down with John Clemons and District Administrator Hubner.

Debbie Peterson commented on what the Board's responsibility is to the District Administrator, that the Board's responsibility is to their constituents, and if they thought it was appropriate to disrespect a Board of Directors.

Julie Tacker spoke about Patricia Price speaking during Public Comment that District Administrator Hubner had a problem with John Clemons and Amy Simpson. She commented on public records request not being complied with when asking for different compensation reports.

John Clemons commented on potential litigation.

Lindsay Westbrook asked about guidelines for employee evaluations and annual review.

Director Hill commented on the email with his questions were distributed in the spirit of transparency.

Chairman Shoals stated when a Board member ask questions it is common practice that all Board members receive a copy.

Chairman Shoals closed the public comment period.

The Board went to Closed Session at 10:55 p.m.

The Board reconvened to open session at 12:25 a.m.

There was no reportable action.

**8. ADJOURN MEETING**

The meeting adjourned at 12:26 a.m.

**The next regularly scheduled Board meeting on June 21, 2017, 6 pm at the Grover Beach City Hall Chambers, 154 South 8th Street, Grover Beach, California 93433**

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