

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of December 12, 2014
MINUTES**

CALL TO ORDER

A regular meeting of the Board of Directors of the Pebble Beach Community Services District (PBCSD) was held in the District Boardroom on December 12, 2014. Board President Leo M. Laska called the meeting to order at 9:30 a.m.

ROLL CALL

Present: Directors Jeffrey B. Froke, Richard B. Gebhart, Leo M. Laska, Peter B. McKee, and Richard D. Verbanec

Absent: None

Others Present

Mike Niccum, General Manager

Suha Kilic, Deputy General Manager/CFO

Robert Wellington, Legal Counsel

Nick Becker, Principal Engineer

David Drewien, Field Operations Supervisor

Nancy Johnson, Senior Accountant

Brennan Blue, Unit Chief, CALFIRE San Benito-Monterey Unit (CALFIRE)

Mark Edria, Assistant Fire Chief, CALFIRE

Robin Hamelin, Battalion Chief, Fire Protection and Planning, CALFIRE

Nate Armstrong, Fire Captain, Paramedic Program Coordinator, CALFIRE

Greg D'Ambrosio, Board Director, Carmel Area Wastewater District (CAWD)

Barbara Buikema, General Manager, CAWD

Bob Hutchison, Board Director, Del Monte Forest Property Owners (DMFPO)

Jerry Verhasselt, Chair, Open Space Advisory Committee

Hampton Stewart, Pebble Beach resident

Dawn Mathes, Environmental & Governmental Affairs Director, Pebble Beach Company

Mike Nolan CPA, Partner, Hayashi and Wayland Accounting & Consulting LLP

Stacy Radich CPA, Audit Manager, Hayashi and Wayland

Emily Hanson, GreenWaste Recovery

Sara Treat, GreenWaste Recovery

Laura Dadiw, Board Clerk, Dadiw Associates

APPEARANCES AND ORDER OF BUSINESS

There were no appearances or requested changes to the agenda.

MINUTES

MOTION 14-12-01

Moved by Director Gebhart, seconded by Director McKee, and unanimously carried to approve, as presented, the minutes of the regular board meeting held on October 31, 2014.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for October 2014. Mr. Kilic noted that the District received a refund of \$79,000 from the State of California for Fire Prevention Captain Valdez's salary and benefits while she attended law enforcement training during fiscal year 2012-13.

Cash Basis Budget Report

The Board received and reviewed the *Cash Basis Budget Report* for October 2014.

Check Register

The Board received and reviewed the *Check Register* for October 2014.

MOTION 14-12-02

Moved by Director Froke, seconded by Director Gebhart, and unanimously carried to approve the October 2014 *Check Register*.

Annual Audited Financial Statements and Independent Audit Report

The Board received and reviewed the *PBCSD Annual Financial Statements and Independent Auditors' Report* for Fiscal Year ended June 30, 2014. Mr. Kilic introduced Mike Nolan, CPA and Stacy Radich, CPA from Hayashi & Wayland Accounting and Consulting for the presentation of the District's Audit Report.

Mr. Nolan presented the required communications per audit guidelines. He noted there were no significant changes in accounting policies or practices, no unusual transactions or alternative treatments discussed with management, and no additional journal entries were necessary, an indication of accurate work performed by the District staff. Mr. Nolan expressed appreciation for the cooperation and support of the District management and staff in providing timely information with details. The District received an unqualified opinion, which is the highest level audit opinion.

Ms. Radich reviewed the District's Statement of Net Position, Statement of Activities, and other audited statements. She and staff responded to questions from board members.

Mr. Nolan explained Governmental Accounting Standards Board (GASB) Statement No. 68 which requires the District to include pension liability on the future annual financial statements and its impact on presentation of the District's net position. Mr. Kilic reported on the new allocation methodology by which CalPERS will calculate the contribution rates for employers which participate in a risk pool. The new method is expected to reduce the District's regular contributions. Mr. Kilic will provide a report when more information becomes available.

Mr. Kilic commended Senior Accountant Nancy Johnson for her role in preparing the financial statements with assistance from District Accountant Marianna Pimentel. Ms. Pimentel will be promoted to Senior Accountant effective January 1st.

MOTION 14-12-03

Moved by Director Verbanec, seconded by Director Gebhart, and unanimously carried to receive the PBCSD Annual Financial Statements and Independent Auditors' Report for Fiscal Year ended June 30, 2014.

Monterey County Treasurer's Investment Report

The Board received and reviewed the *Monterey County Treasurer's Investment Report* for quarter ending September 30, 2014. Mr. Kilic reported the Treasurer's portfolio yield for the quarter was 0.49%. For comparison, the yield of the State Local Agency Investment Fund was 0.25%, and the yield of the two-year Treasury bill was 0.5%. Mr. Kilic responded to questions from board members.

FIRE DEPARTMENT

Fire Chief's Monthly Report

The Board received and reviewed the *Monthly Fire Department Activity Report* for October 15, 2014 – November 19, 2014. Assistant Fire Chief, Mark Edria added to the report the significant preparations and response to recent storms that blew trees down and caused power outages; no injuries were sustained by citizens or emergency crews the entire event. Fire Department staff with support from CERT (Community Emergency Response Team) members fielded 85 phone calls, called 120 residents needing assistance and ordered 11,000 pounds of sand. Mr. Niccum noted that he and Chief Edria met with Insurance Services Office (ISO) representatives regarding the update of the ISO rating for the District.

District Purchase of New Heart Monitor Equipment

The Board received and reviewed the *Fire Department Staff Report* regarding new cardiac monitors/defibrillators. Fire Captain Nate Armstrong displayed one of the new monitors and explained the various functions and improvements. The new monitors will have a direct communication link with the hospital emergency room and will help reduce medical response times at the hospital.

SOLID WASTE MANAGEMENT

Emily Hanson, Director of Business Development and Communications for GreenWaste Recovery, Inc. (GreenWaste) gave an update on the transition from Waste Management to GreenWaste as District waste hauler effective July 1, 2015. The update included the status of recruitment of Waste Management personnel, development of the Compressed Natural Gas fueling station at the Marina landfill, procurement of trucks and containers, and development of outreach and education media pieces. Ms. Hanson introduced her colleague, Sara Treat, Customer Service and Outreach Coordinator who will be assisting with the transition.

MAINTENANCE, ENGINEERING, AND CONSTRUCTION

Wastewater Collection, Treatment and Disposal System

The Board received and reviewed the *Engineering Report of Utilities Operations and Maintenance* for October 21, 2014 to December 1, 2014 prepared by Principal Engineer Becker. Forest Lake Reservoir storage measures approximately 51 million gallons, slightly below the 57 million gallon historical average, with rains reducing irrigation demand below the historic average. Mr. Becker provided a new graph depicting daily storage, usage, and CAWD in and out flows.

PBCSD Capital Improvement Projects

The Board received and reviewed the *Engineering Report* on the status of *Capital Improvement Program* projects. Mr. Becker provided photographs and schematics.

Wastewater Reclamation Management Committee Report

The Board received and reviewed the *Engineering Report* regarding the Reclamation Management Committee meeting held on November 14, 2014, and Mr. Becker and Mr. Niccum gave highlights. The California Division of Safety of Dams (DSOD) will perform the annual inspection of Forest Lake Reservoir in late January/early February. Mr. Becker will schedule a meeting in Sacramento with DSOD staff regarding the proposal to increase the reservoir capacity.

Annual Inspection of Reclamation Project

The Board received and reviewed the *General Manager Report* on retaining a consulting engineer firm to perform an inspection of the reclamation project.

MOTION 14-12-04

Moved by Director Verbanec, seconded by Director McKee, and unanimously carried to authorize General Manager to retain a consulting engineer firm to perform an inspection of the reclamation project for a cost not to exceed \$30,000.

CAWD Board Meeting

Director Froke attended the CAWD board meeting held December 11, 2014 and gave highlights. General Manager Buikema gave an update on the State Coastal Conservancy's interest in providing CAWD a \$1 million Carmel Lagoon Augmentation Grant to use the Reverse Osmosis reject water. The next CAWD board meeting will be held on January 29th instead of January 22nd.

SOLID WASTE MANAGEMENT

Monterey Regional Waste Management District Board Meetings

Director Laska provided a report on the Monterey Regional Waste Management District Board meeting held on November 21, 2014. General Manager William Merry will be retiring the end of May 2015.

GENERAL GOVERNMENT

Safety Committee Meeting Held October 23, 2014

The Board received and reviewed the *Safety Committee Meeting Minutes* from the October 23, 2014 meeting. Mr. Becker thanked Fire Department staff and Operations Supervisor Dave Drewien and crew for outstanding response during the recent storm with no reportable injuries occurring.

2015 Calendar of Board Meetings

MOTION 14-12-05

It was moved by Director McKee, seconded by Director Froke, and unanimously carried to approve the 2015 Board Meeting Calendar Dates.

Election of District Officers

The Board received and reviewed the *General Manager Report and Resolution No. 14-22* regarding election of District officers for terms of office that commence on January 1, 2015 and end on December 31, 2015.

MOTION 14-12-06

It was moved by Director Laska, seconded by Director McKee, and unanimously carried, to adopt *Resolution 14-22* electing President Richard B. Gebhart, Vice President Richard D. Verbanec, General Manager Mike Niccum to serve as District Secretary, and Deputy General Manager Suha Kilic to serve as District Secretary Pro-Tem and Treasurer, for the 2015 calendar year.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

General Manager Niccum referred to correspondence from District insurance provider, Association of California Water Agencies Joint Powers Insurance Authority, bestowing the District the President's Special Recognition Award for maintaining a low loss ratio in liability and property insurance programs. Mr. Niccum invited all to the District Christmas party to be held Friday, December 19th at noon in the board room. He also advised the board that the District office would be closed the day after Christmas due to a majority of employees opting to take that day as vacation. Pebble Beach Company was commended for its fine Holiday Celebration event held at the Lodge on December 4th.

Questions from Directors or staff seeking clarification of matters within the purview of the District

There were no questions of clarification.

Oral reports or announcements from Board President, Directors or staff

There were no reports or announcements from directors or staff.

CLOSED SESSION

A closed session of the Board was convened at 11:39 a.m. The Board reconvened open session at 12:02 p.m. Legal Counsel announced that the Board conducted its annual performance evaluations of the General Manager and Legal Counsel.

MOTION 14-12-07

It was moved by Director McKee, seconded by Director Gebhart, and unanimously carried, to approve an increase in the General Manager's salary by 3.5%, effective July 1, 2014 (General Manager to assume 1% employee contributions to CalPERS retirement system); and to approve an increase in Legal Counsel retainer fee by \$150 per month.

ADJOURNMENT

There being no further business a motion was made to adjourn.

MOTION 14-12-08

M/S/C (unanimous) to adjourn to a regular Board meeting to be held on Friday, January 30, 2015 at 9:30 a.m. in the District Board Room at 3101 Forest Lake Road.

Mike Niccum, Board Secretary