

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of December 9, 2016
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 9, 2016. Board President Richard B. Gebhart called the meeting to order at 9:30 a.m.

ROLL CALL

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

Absent: Director Richard D. Verbanec

Others Present

Mike Niccum, General Manager

Suha Kilic, Deputy General Manager/CFO

Rob Wellington, Legal Counsel

Nick Becker, Principal Engineer

Justin Ferron, Assistant Engineer

Marianna Pimentel, Senior Accountant

Autumn Rossi, CPA, Hayashi and Wayland Accounting and Consulting LLP

Therese Courtney, CPA, Hayashi and Wayland Accounting and Consulting LLP

Brennan Blue, Unit Chief, CAL FIRE San Benito-Monterey Unit (CAL FIRE)

Mark Edria, Assistant Fire Chief, CAL FIRE

Buddy Bloxham, Operations Battalion Chief, CAL FIRE

Mark Mancini, Fire Protection and Planning Chief, CAL FIRE

Jennifer Valdez, Fire Captain, Disaster Planning, CAL FIRE

Charlotte Townsend, Board Director, Carmel Area Wastewater District (CAWD)

Barbara Buikema, General Manager, CAWD

Kamlesh Parikh, Board President, Del Monte Forest Property Owners (DMFPO)

Hampton Stewart, Pebble Beach Resident

Jerry Verhasselt, Member, Open Space Advisory Committee

Vinod Badani, E2 Consulting Engineers

Laura Dadiw, Board Clerk

APPEARANCES AND ORDER OF BUSINESS AND ANNOUNCEMENTS

There were no requested changes to the agenda. Director McKee would be leaving the meeting early today.

MINUTES AND FINANCIAL MATTERS

MOTION 16-12-01

Moved by Director Laska, seconded by Director Froke, and unanimously carried to approve, as presented, the minutes of the regular board meeting held October 28, 2016.

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for October 2016. Mr. Kilic summarized the report and responded to questions.

Cash Basis Budget Report

The Board received and reviewed the *Cash Basis Budget Report* for October 2016. Regarding investment earnings, \$65,000 of the \$100,000 budgeted for the year was received in the first quarter, a pleasant result from the short end of the yield curve increasing July-September 2016.

Check Register

The Board received and reviewed the *Check Register* for October 2016.

MOTION 16-12-02

Moved by Director Froke, seconded by Director Laska, and unanimously carried to approve the *Check Register* for October 2016.

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, 2016. Mr. Kilic introduced Autumn Rossi and Therese Courtney, both CPAs with Hayashi Wayland, District's outside independent audit firm. Ms. Rossi presented the required communications per audit guidelines. She explained that the statements contain for the second year information required by Governmental Accounting Standards Board (GASB) Statement No. 68 on pension liability, and for the first year GASB Statement No. 82 on how the District's payment of pension benefits on behalf of its employees are to be expensed. She 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 necessary. The District received an unqualified opinion, which is the highest level audit opinion. Ms. Rossi reviewed the highlights of the report and commended District staff on superior financial statement preparation.

MOTION 16-12-03

Moved by Director Laska, seconded by Director McKee, and unanimously carried to receive the PBCSD Annual Financial Statements and Independent Auditors' Report for Fiscal Year ended June 30, 2016.

Monterey County Treasurer's Investment Report

The Board received and reviewed the Monterey County Treasurer's Investment Report for quarter ending September 30, 2016. Mr. Kilic reported the Treasurer's portfolio yield improved significantly. The yield for the quarter was 1.54%, 0.5% higher than the previous quarter. For comparison, the yield of the State Local Agency Investment Fund was 0.55%; and the yield on the 2-year T-bill was 0.76%. Mr. Kilic responded to questions from the Board.

FIRE DEPARTMENT

Fire Chief's Monthly Report

The Board received and reviewed the *Monthly Fire Department Activity Report* for October 15 – November 14, 2016. Battalion Chief Bloxham reported two incidents occurred after the report period: an attic fire on November 28 in a home off of Broncho Road that was contained with minimal damage; and a single car crash into a tree with driver fatality on Hwy 68 just east of SFB Morse Drive earlier today. There are now eleven water rescue swimmers trained. Chief Mancini reported on fire prevention activities.

Pebble Beach 2K/5K Zombie Race and Emergency Preparedness Fair

Captain Valdez reported on the successful event that was held on October 29, 2016, and provided a slide presentation of the race and the fair. There was strong event sponsorship and an impressive volunteer (146) and race participant (400) turn out.

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 19 – November 30, 2016 prepared by Principal Engineer Becker. Currently, Forest Lake Reservoir water storage is at 61% of capacity. There was a Category 3 (estimated 300 gallon) sanitary system overflow at 1105 Sheridan Lane caused by root intrusion. Construction has begun on the permanent dry weather diversion facility at the Fourth Fairway of Pebble Beach Golf Links and expected to be completed by February/March; the 300' well at MPCC Dunes Fairway 9 is producing approximately 16,000 gallons/day; and the new 560' well at Fairway 8 (MPCC maintenance yard) is yielding approximately 40,000 gallons/day.

PBCSD Capital Improvement Projects

The Board received and reviewed the *Engineering Report* on the status of *Capital Improvement Program* projects. There has been activity by AT&T in the Undergrounding Overhead Utilities Project Phase I area with completion now slated for March 2017; Mr. Becker provided slides and reported progress of Phase IIA/IIB of the project. Work for Highway 68 Roundabout Project is currently scheduled to be completed in summer before Concours d'Elegance. The contractor is making progress on the CAWD Treatment Plant capital improvements project.

Lodge Area Sewer Improvement Project Assignment No. 32 with E2 Consulting

The Board received and reviewed the *Engineering Report* and *Resolution No. 16-24* regarding Project Assignment No. 32 to the Master Agreement with E2 Consulting Engineers, Inc. for construction support services for remaining Fairway One sewer improvements as well as design/coordination/bid phase and construction support services for Lodge area parking structure sewer improvements.

Director McKee exited the meeting at 10:46 a.m. prior to the vote on this item.

MOTION 16-12-04

Moved by Director Froke, seconded by Director Laska, and carried 3-0 to adopt *Resolution 16-24* approving Project Assignment No. 32 to the Master Agreement with E2 Consulting Engineers, Inc. to provide engineering services required for the Lodge Area Sewer Improvement Project with a budget not to exceed \$50,000.

New Solids Grinder for Pump Station P-3 (Seal Rock Creek)

The Board received and reviewed the *Engineering Report* and *Resolution No. 16-25* regarding Pump Station P-3 Purchase of New Solids Grinder.

MOTION 16-12-05

Moved by Director Laska, seconded by Director Froke, and carried 3-0 to adopt *Resolution 16-25* authorizing the General Manager to purchase a new solids grinder for Pump Station P-3 for a cost not to exceed \$75,000, with the addition of "the District" to the last line of the first item below NOW THEREFORE BE IT RESOLVED "... would not produce an advantage, and the District would not be served..."

Wastewater Reclamation Management Committee Meeting November 10, 2016

The Board received and reviewed the *Engineering Report* regarding the Reclamation Management Committee meeting and Mr. Becker gave highlights.

CAWD Board Meeting

Director Gebhart attended the CAWD board meeting held December 8, 2016. Several employees were recognized for continuing education and certification. A resolution was passed authorizing Ms. Buikema to enter into a contract with Kennedy-Jenks for engineering services for Phase 2 of plant rehabilitation. Board officers and committee assignments remained the same as 2016 for 2017. The Carmel Lagoon Barrier Project EIR was released for review with feedback due by January 31, 2017.

SOLID WASTE MANAGEMENT

Monterey Regional Waste Management District Board Meeting

The Board received a *Memorandum* on the highlights of the meeting of the Monterey Regional Waste Management District held on November 18, 2016. Director Laska responded to questions.

Household Hazardous Waste, E-Waste Collection Event

The Board received and reviewed the *Deputy General Manager Report* on the successful Household Hazardous Waste and E-Waste Collection Event held Saturday, September 24, 2016. The 354 attending cars and total tonnage collected is comparable to past years. Staff received complimentary comments from attending residents about the event and the event expenses were below budget.

GENERAL GOVERNMENT

Schedule of 2016 Conferences and Symposiums

The Board received and reviewed the *General Manager Report* of the 2017 Conferences Schedule. The Fire Districts Association of California, the Association of California Water Agencies, and the California Special Districts Association all have annual conferences in Monterey in 2017. Directors may contact the PBCSD office if interested in attending.

2017 Calendar of Board Meetings

MOTION 16-12-06

It was moved by Director Laska, seconded by Director Froke, and carried 3-0 to approve the 2017 Board Meeting Calendar Dates.

Election of District Officers

The Board received and reviewed the *General Manager Report* regarding election of District officers for terms of office from January 1, 2017 through December 31, 2017.

MOTION 16-12-07

It was moved by Director Laska, seconded by Director Gebhart, and carried 3-0, to adopt *Resolution 16-26* electing President Richard D. Verbanec, Vice President Peter D. McKee, 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 2017 calendar year.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

General Manager Niccum provided a copy of the completed Request for Information for Municipal Service Review and Sphere of Influence Study submitted to the Local Agency Formation Commission (LAFCO) for use in its municipal services review of the District due out in January 2017. The annual employee holiday party is scheduled for December 22nd at noon in the board room. The Monterey County Elections Department notified the District that, based on recent legislation, PBCSD should consider moving election of directors from odd to even years; a resolution on the matter will be provided at the next board meeting.

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

There were no questions from directors or staff.

Oral reports or announcements from Board President, Directors or staff

There were no reports from president, directors or staff.

CLOSED SESSION

The president convened closed session of the Board at 11:14 a.m. The Board reconvened open session at 11:40 a.m. Legal Counsel announced that the Board conducted its annual performance evaluations of the General Manager and Legal Counsel. Mr. Niccum provided a listing of 2016 District achievements and 2017 District goals in preparation.

MOTION 16-12-08

It was moved by Director Laska, seconded by Director Froke, and unanimously carried, to approve a 5.1% increase in the General Manager salary per year effective July 1, 2016.

ADJOURNMENT

There being no further business a motion was made to adjourn at 11:45 a.m.

MOTION 16-12-09

M/S/C (unanimous) to adjourn to a regular Board meeting to be held on Friday, January 27, 2017 at 9:30 a.m. in the District Board Room at 3101 Forest Lake Road.



Mike Niccum, Board Secretary