

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of December 13, 2019
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 13, 2019. Board President Peter B. McKee called the meeting to order at 9:30 a.m.

ROLL CALL

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

Absent: None

Others Present

Suha Kilic, Deputy General Manager/CFO
Rob Wellington, Legal Counsel
Nick Becker, District Engineer
Justin Ferron, Assistant Engineer
Nancy Johnson, Senior Accountant
Reno DiTullio, Jr., Division Chief, CAL FIRE San Benito-Monterey Unit (CAL FIRE)
Paul Gaines, Operations Battalion Chief, CAL FIRE
John Trenner, Fire Inspector, CAL FIRE
Mark Mondragon, Protection and Planning Battalion Chief, CAL FIRE
Chris Steggall, Captain, CAL FIRE
Rodger Rinehart, Captain, CAL FIRE
Michael Rachel, Board Director, Carmel Area Wastewater District (CAWD)
Rachel Lather, Acting General Manager, CAWD
Dawn Mathes, Environmental/Governmental Affairs, Pebble Beach Company (PBC)
Vinod Badani, E2 Consulting Engineers
Jacqueline Fobes, Board Director, Del Monte Forest Property Owners (DMFPO)
Hampton Stewart, Pebble Beach resident
Autumn Rossi CPA, Partner, Hayashi Wayland
Therese Courtney CPA, Audit Manager, Hayashi Wayland
Christopher Cook, General Manager, California American Water Monterey Division
Laura Paxton, Board Clerk

APPEARANCES, ORDER OF BUSINESS, & ANNOUNCEMENTS

There were no appearances or changes to the agenda. Mr. Niccum is absent today serving jury duty. This is the first board meeting he has missed in 25 years.

MINUTES & FINANCIAL MATTERS

MOTION 19-12-01

Moved by Director Froke, seconded by Director Gebhart, and unanimously carried 5-0, to approve, as presented, the minutes of the regular board meeting held October 25, 2019.

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for October 2019. Mr. Kilic responded to questions.

Cash Basis Budget Report

The Board received and reviewed the *Cash Basis Budget Report* for October 2019.

Check Register

The Board received and reviewed the October 2019 *Check Register*. Mr. Kilic responded to questions.

MOTION 19-12-02

Moved by Director Froke, seconded by Director Laska, and unanimously carried 5-0, to approve the *Check Register* for October 2019.

PBCSD Comprehensive Annual Financial Report & Independent Audit Report

The Board received and reviewed the PBCSD Comprehensive Annual Financial Report including Independent Auditors' Report for Fiscal Year ended June 30, 2019. Mr. Kilic introduced Autumn Rossi and Therese Courtney with Hayashi Wayland, District's outside independent audit firm. Ms. Rossi gave an overview of the financial statements and report, noting 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 unmodified opinion, which is the highest-level audit opinion. Ms. Rossi acknowledged and thanked District staff for their efficiency, hard work, and dedication in preparing the presented report; the board returned the thanks. The document, filed with the State Controller and the County Auditor, will be available on the PBCSD website for public viewing.

There was consensus to receive the PBCSD Annual Financial Statements and Independent Auditors' Report for Fiscal Year ended June 30, 2019.

Mr. Kilic noted that CalPERS changed the discount rate which is the assumed rate of return on investments from 7.25% to 7%. The discount rate is used in calculation of pension liabilities. The reduction in discount rate resulted in the District pension plan funding ratio to drop from 100% to 94%, with an approximately \$200,000 unfunded liability. CFO Kilic will provide a pension liability funding recommendation at the January board meeting, including historical information on pension funding and CalPERS rate of returns.

Monterey County Treasurer's Investment Report

The Board received and reviewed the Monterey County Treasurer's Investment Report for quarter ending September 30, 2019. Mr. Kilic reported the yield for the quarter was 2.46%, 3 basis points higher than the previous quarter. The yield on two-year treasury notes has fallen 1% since last year this time, now at 1.62%. It is anticipated investment income will reach the District 2019/20 budgeted amount.

FIRE DEPARTMENT

Fire Chief's Monthly Report

The Board received and reviewed the *Monthly Fire Department Activity Report* for October 26, 2019 – December 6, 2019. Chief Gaines reviewed the report. Chief DiTullio gave an overview of intended operations for a drone recently donated to the department. County Emergency Medical Services has a new director supportive of the medical services provided by fire departments. Chief Mondragon noted two captain positions filled: Captain Filson began employment last week, and Captain Jones is expected to start in January. The fire department performs property inspections that insurance agencies may or may not accept as a basis to continue or reinstate insurance coverage.

Zombie Race and Emergency Preparedness Fair

The board viewed a photo presentation of the event held October 26. Inspector Trenner reported a very successful event with approximately 600 entrants. He thanked all supporting boards, agencies, vendors, staff, and participants. He thanked Director Verbanec for photographing the event, Shawn Casey and PBC for the venue, and Captain Valdez for all her hard work coordinating the details.

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 18 – December 4, 2019 and Mr. Becker presented slides. Forest Lake Reservoir water storage is currently at 54% capacity, healthy for this time of year. Daily usage data missing for November and December due to SCADA issues now corrected. Alternative source water facilities are currently off line for the winter.

PBCSD Capital Improvement Projects

The Board received and reviewed the *Engineering Report* and Mr. Becker presented slides. The Reclamation Storage Tank Rehabilitation Project is underway addressing primarily the corrosion concentrated in the roof area above the water line. Ten rafters and other various appurtenances are expected to be replaced and approximately 6 holes repaired. Mr. Becker complimented Assistant Engineer, Justin Ferron for supervising an emergency sewer line bypass and repairs at Viscaino Road and Lisbon Lane, completed prior to the first rains. The fire station driveway repair construction was completed today.

Wastewater Reclamation Project Management Committee Meeting

The Board received and reviewed the *Engineering Report* on the CAWD/PBCSD Reclamation Project Management Committee Meeting held November 6, 2019.

Rejection of All Bids for Sewer System Televising Project

The Board received and reviewed the *Engineering Report* recommending rejection all bids for the 2020 Wastewater Collection System Assessment Project. Bids came in well over the budgeted amount for the project, partly due to the risks involved. Assessment would cover 80 miles of gravity main, 1,500 manholes, one metering station, and eight pump/lift stations. Modified work scope is being considered to work within the available budget as well as possibility of pursuing the modified project with the lowest bidder rather than rebidding.

MOTION 19-12-03

Moved by Director Laska, seconded by Director Gebhart, and unanimously carried 5-0, to adopt *Resolution 19-23* rejecting bids received for the 2020 Wastewater Collection System Assessment Project.

CAWD Board Meeting

Director Verbanec attended the CAWD board meeting held October 31, 2019, a standard meeting with nothing of note to report. Director McKee attended the CAWD board meeting held November 21, 2019. He reported pension plan review; general manager quarterly progress report given, and the Vac-Con truck purchased by the District on display in the parking lot.

SOLID WASTE MANAGEMENT

Monterey Regional Waste Management District (MRWMD) Board Meeting

The Board received and reviewed the *Agenda Information* for the MRWMD board meeting held December 6, 2019. Director Laska was unable to attend. Mr. Niccum attended and relayed it was a routine meeting. The Board reappointed Director Laska to the MRWMD board.

Household Hazardous Waste Collection Event October 19, 2019

The Board received and reviewed the *Deputy General Manager Report* on the Household Hazardous Waste and E-Waste Collection Event. Mr. Kilic gave a summary of the well-attended and well-organized event.

LAW ENFORCEMENT

Del Monte Forest Property Owners Roads and Traffic Committee Meeting

Mr. Becker reported on the meeting held November 14, 2019. PBC is completing paving projects on 17 Mile Drive between Spanish Bay/Ocean Drive, and various drainage improvement projects. The pavement removed from 17 Mile Drive projects is being crushed and laid in the old driving range area. District traffic speed radar unit data was reviewed.

GENERAL GOVERNMENT

PBCSD Safety Committee Meeting

The Board received and reviewed the *Minutes* of the December 5, 2019 Safety Committee meeting prepared by Principal Engineer/Safety Officer, Nick Becker. There were no accidents or incidents to report.

Schedule of 2020 Conferences and Symposiums

Information on 2020 conferences was provided. The Association of California Water Agencies (ACWA) spring conference in Monterey May 5 – 8, 2020 will include required sexual harassment and ethics training programs for any director wishing to attend.

2020 Calendar of Board Meetings

MOTION 19-12-04

It was moved by Director Froke, seconded by Director Laska, and unanimously carried 5-0, to approve the 2020 Board meeting calendar.

Election of District Officers

MOTION 19-12-05

It was moved by Director Laska, seconded by Director Gebhart, and unanimously carried 5-0, to adopt *Resolution 19-24* electing Board President Peter D. McKee, Vice President Jeffrey B. Froke, 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 2020 calendar year.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

Deputy General Manager Kilic provided a letter and President's Special Recognition Award certifications the District received from its insurance provider ACWA JPIA, for achieving low loss ratios in all three insurance programs: liability, property and workers' compensation. The District website has been updated from HTML format to the more user-friendly and mobile device compatible WordPress format. The site is active and believed in full compliance with regulatory requirements. The annual District holiday party is on Friday, December 20 at 11:30 am in the boardroom. The November 10 DMFPO semiannual meeting featured Donna Galletti, Crime Prevention Specialist, Monterey County Sheriff's Office speaking on protecting against scams and fraud; providing helpful tips and information. General Manager Niccum received a letter from the DMFC board thanking him for his assistance accommodating the large crowd that attended Director Froke's DMFC-hosted "The Birds We Live By" seminar on November 17.

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

The General Manager and District Legal Counsel annual performance reviews are scheduled for closed session at the next board meeting January 31, 2020.

Oral reports or announcements from Board President, Directors or staff

June Duran Stock (6/10/1909 – 11/23/2019), a long-time resident of Pebble Beach, was a DMFPO director appointed to observe PBCSD board meetings earlier in the decade. She was a pillar of the community, involved with many community boards and committees such as DMFC, Monterey Peninsula College, CHOMP, Del Monte Forest Open Space Advisory Committee, and the County Land Use Advisory Committee. She also wrote a regular column for Coastal Living Magazine. Mr. Kilic showed a five-minute video interview conducted in 2017 with her speaking about her life.

CLOSED SESSION

It was determined that a closed session of the board was not required.

ADJOURNMENT

MOTION 19-12-06

M/S/C (unanimous) to adjourn at 11:48am in honor and memory of June Duran Stock. The next regular Board meeting is to be held on Friday, January 31, 2020 at 9:30am in the District Board Room at 3101 Forest Lake Road.



Mike Niccum, Board Secretary