

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of April 30, 2021**

MINUTES

CALL TO ORDER

A regular meeting of the Board of Directors of the Pebble Beach Community Services District (PBCSD) was held via videoconference on April 30, 2021. Board President Jeffrey B. Froke called the meeting to order at 9:30 a.m.

ROLL CALL

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

Absent: None

Others Present:

Mike Niccum, General Manager
Suha Kilic, Deputy General Manager/CFO
Rob Wellington, Legal Counsel
Nick Becker, District Engineer
Nancy Johnson, Senior Accountant
Marianna Pimentel, Senior Accountant
Yuriana Nunez, Administrative Assistant
Nijesh Sthapit, Finance & Information Systems Coordinator
Reno DiTullio, Jr., Unit Chief, CAL FIRE San Benito-Monterey Unit (CAL FIRE)
Paul Gaines, Operations Battalion Chief, CAL FIRE
Josh Silveira, Operations Battalion Chief, CAL FIRE
Tim Jones, Fire Prevention Captain, CAL FIRE
John Trenner, Fire Prevention Inspector, CAL FIRE
Michael Rachel, Board Director, Carmel Area Wastewater District (CAWD)
Barbara Buikema, General Manager, CAWD
Dawn Mathes, Environmental/Governmental Affairs, Pebble Beach Company (PBCo)
Shawn Casey, Vice President Resource Management, PBCo
Vinod Badani, E2 Consulting Engineers
Jacqueline Fobes, Board Director, Del Monte Forest Property Owners (DMFPO)
Hampton Stewart, Pebble Beach resident
Emily Hanson, Chief Strategy Officer, GreenWaste Recovery (GWR)
Dan Hart, Accounting Manager, GWR
Rebecca Hartman, Pebble Beach resident
Laura Paxton, Board Clerk

APPEARANCES, ORDER OF BUSINESS, & ANNOUNCEMENTS

Mr. Hampton Stewart bid farewell to Suha Kilic, PBCSD Deputy General Manager and CFO upon his retirement at the end of May.

Mr. Niccum announced the retirement today of two long-term PBCSD employees: Marty Manjares, Maintenance Department, 25 years employed, will be moving to Colorado; and David Drewien, Field Maintenance Supervisor, employed 39 years and whose father Max Drewien was once general manager of CAWD. Both Marty and Dave were recognized for their significant contributions to the District at a COVID-safe outdoor event held in their honor yesterday.

Items 9 and 10 were moved next on the agenda.

2021 Fire Defense Plan and Vegetative Management Services Agreements

The Board received a presentation on proposed updates to the *Fire Defense Plan for Pebble Beach* last updated April 2019. Chief DiTullio presented slides of the updates. Goals remain the same as in years past to enhance the environment and reduce fire fuel loads. Due to no board meeting in March, the following contracts were executed by Mr. Niccum to reserve services for fuel reduction projects under the 2021 Fire Defense Plan: Bleck Fire Prevention & Excavation \$200,000, Tope's Tree Service \$200,000 and Goats R Us \$70,000 for a total of \$470,000.

MOTION 21-04-01

Moved by Director Verbanec and seconded by Director Laska to approve the 2021 Fire Defense Plan and ratify authorization of three agreements for 2021 fuel reduction projects for a total not to exceed \$470,000. Froke – Aye; Verbanec – Aye; Laska – Aye; Gebhart – Aye; McKee – Aye. Motion passed.

Three-year Cooperative Fire Protection Agreement with CAL FIRE

The Board received and reviewed *Resolution No. 21-07* for the term July 2021-June 2023, not to exceed \$19,500,636. Staffing levels remain the same however benefit costs have decreased nearly 30%.

MOTION 21-04-02

Moved by Director Verbanec and seconded by Director Gebhart to adopt *Resolution No. 21-07* approving a three-year agreement with California Department of Forestry and Fire Protection to provide structural fire protection and emergency medical services. Froke – Aye; Verbanec – Aye; Laska – Aye; Gebhart – Aye; McKee – Aye. Motion passed.

MINUTES & FINANCIAL MATTERS

MOTION 21-04-03

Moved by Director Laska and seconded by Director Verbanec to approve, as presented, the minutes of the regular board meeting held February 25, 2021. Froke – Aye; Verbanec – Aye; Laska – Aye; Gebhart – Aye; McKee – Aye. Motion passed.

Statements of Receipts and Disbursements

The Board received and reviewed the *Statements of Receipts and Disbursements* for February and March 2021 and CFO Kilic gave highlights.

Check Registers

The Board received and reviewed the February and March 2021 *Check Registers*.

MOTION 21-04-04

Moved by Director McKee and seconded by Director Verbanec to approve the *Check Registers* for February and March 2021. Froke – Aye; Verbanec – Aye; Laska – Aye; Gebhart – Aye; McKee – Aye. Motion passed.

Annual Update of the District Long-term Capital Outlay Program

The Board received and reviewed the annual update of the *Long-term Capital Outlay Program (COP)*. District Engineer, Nick Becker gave a presentation of the 15-year program. The cost of Program items not including Reclamation has increased approximately 10% from the previous year, the most noticeable increase of 15% within the Undergrounding department. Capital improvement costs reimbursed by the Reclamation Project did not increase.

Annual Update of the District Long-term Financial Plan

The Board received and reviewed the *Long-term Financial Plan*. CFO Kilic gave a presentation on the financing of Operating and Capital expenses, Reserves, and Undergrounding Projects. Financial stability is expected to be maintained while continuing with the undergrounding program as presented in the Long-term COP, paying the CAWD Treatment Plant capital outlays, and building sufficient reserves without material risk over the next 15 years. Due to various economic factors, assumptions used, and the length of the time period, continued annual updating of the Long-Term Capital Outlay Program and Financial Plan is recommended, adjusting as needed.

PBCSD Preliminary Budget Fiscal Year 2021-22 and Set Budget Hearing

The Board received and reviewed the *PBCSD 2021-22 Preliminary Budget* and CFO Kilic gave a presentation. Estimated revenue of \$19,445,000, excluding Reclamation Project reimbursements, is 3.7% higher than prior year's budget. Sewer user fees are proposed to increase by 9.0% or \$2.20 per month from \$24.50 to \$26.70 for residential units effective July 1, 2021. The rate adjustment will help pay PBCSD share of CAWD Wastewater Treatment Plant capital costs. The fees for garbage and recyclable material collection services are proposed to increase by 3.4% also effective July 1, equivalent to \$0.94 per month from \$27.56 to \$28.50 for basic residential services. Mr. Kilic presented the components of the proposed increase in garbage service fees.

Operations & Maintenance (O&M) expenses decreased by 2.8% to \$14,849,000 excluding \$550,000 for recycled water distribution system O&M expenses reimbursed by the Reclamation Project. Total budgeted expenses, including capital outlays, reserve contributions, and carryover appropriations are \$27,896,000.

District property owners will receive a notice by mail setting a public hearing for the adoption of the final budget and user fees at the June Board meeting. Mr. Kilic acknowledged and thanked Senior Accountant Nancy Johnson for taking the lead role in preparing the budget, and Director Verbanec spoke of the attention to detail and credited a job extraordinarily well done. There were no comments from the public.

MOTION 21-04-05

Moved by Director McKee and seconded by Director Gebhart to approve the PBCSD Long-term Capital Outlay Program, Long-term Financial Plan, and to adopt *Resolution No. 21-06* approving the Preliminary Budget for fiscal year 2021-22 and setting Final Budget Hearing on June 25, 2021 at 9:40 a.m. Froke – Aye; Verbanec – Aye; Laska – Aye; Gebhart – Aye; McKee – Aye. Motion passed.

FIRE DEPARTMENT

Fire Chief's Monthly Report

The Board received and reviewed the *Monthly Fire Department Activity Report* for February 18 – April 22, 2021 and Chief Gaines gave highlights. Fire danger signs have been upgraded to moderate. CAL FIRE will add a purpose-built military surplus Blackhawk helicopter this summer.

MAINTENANCE, ENGINEERING AND CONSTRUCTION

Wastewater Collection, Treatment and Disposal System

The Board received and reviewed the *Engineering Report of Utilities Operations and Maintenance* for February 18 – April 22, 2021 and Mr. Becker presented slides. Forest Lake Reservoir water storage is at 91% capacity. When the reservoir reached capacity in March the treatment plant was shut down for preventive maintenance. Irrigation season has begun two weeks prior to past years. All alternative source water production facilities are back online.

PBCSD Capital Improvement Projects

The Board received and reviewed the *Engineering Report* and Mr. Becker presented slides. The Phase III Undergrounding Overhead Utilities trenching is proceeding in the Forest Lake Road Hawkins Way area. PBCo Equestrian Center renovation factors have resulted in re-routing of undergrounding instead along Portola Road onto Sombria Lane to connect main power and communication feeds from Drake and Ondulado Roads; a change order to that effect will be coming before the board. New Motor Control Center and Programmable Logic Control panels delivered by Pump Station P8 (Spanish Bay) Improvement Project fabricator Tesco Controls have been successfully installed.

Directors McKee and Gebhart left the meeting at 11:25 a.m.

Increase in Phase III Undergrounding Overhead Utilities Project Construction

The Board received and reviewed the *Engineering Report* and Mr. Becker presented slides. PG&E had approved the Phase III project design in October 2020 when their material standard for underground conduit was DB120 (pipe type). Unbeknownst to staff PG&E changed material standards for underground conduit in mid-December 2020 to a thicker walled pipe to improve reliability. Phase III was bid / awarded based on the use of DB120 pipe material.

MOTION 21-04-06

Moved by Director Laska and seconded by Director Verbanec to approve Contract Change Order No.01 for \$112,500 with Leo Tidwell Excavating Corporation for conduit material change directed by PG&E and increase construction contract to an amount not to exceed \$5,195,000. Froke – Aye; Verbanec – Aye; Laska – Aye. Motion passed.

CAWD Board Meeting

The Board received and reviewed the *Agenda Information* for the CAWD teleconference board meetings held March 25 and April 29, 2021 attended by

Director Froke and McKee respectively, and Engineer Becker. Ms. Buikema reported on permitting approved by the Coastal Commission for the electrical rehabilitation component of treatment plant improvements. The Corona Road neighborhood is forming an assessment district and entering into agreement for initial engineering and environmental work. A mitigated negative declaration was approved to trim the eucalyptus trees around the CAWD plant. A notice of intent for a mitigated negative declaration was filed with the County for the two pipelines to cross the Carmel Lagoon under the Carmel River Free Project. CAWD job descriptions have been updated with physical and environmental requirements.

SOLID WASTE MANAGEMENT

Monterey Regional Waste Management District (MRWMD) Board Meeting

The Board received and reviewed the *Agenda Information* for the MRWMD videoconference board meetings held March 19 and April 23, 2021. Director Laska reported the board contracted with Veterans Transition Center to reopen the Last Chance Mercantile at a currently unknown date. A contract was approved for Module 7 rough excavation work.

GENERAL GOVERNMENT

Life Insurance Benefit and Modifications to Supplemental Retirement Plan

The Board received and reviewed the *Deputy General Manager Report* on modifications to employee benefits.

MOTION 21-04-07

Moved by Director Verbanec and seconded by Director Laska to approve the following modifications to the employee benefit programs with an annual total cost of approximately \$16,000.

- 1. Approve providing employees with term life and accidental dismemberment insurance with a coverage not to exceed \$200,000 through Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) group life insurance program.**
- 2. Adopt *Resolution No. 21-08* adopting Amendment No.3 to separate the employee disability insurance program from the PBCSD Supplemental Retirement Plan.**
- 3. Adopt *Resolution No. 21-09* appointing General Manager as a Trustee to the PBCSD Supplemental Retirement and the Deferred Compensation Plans.**

Froke – Aye; Verbanec – Aye; Laska – Aye. Motion passed.

Memorandum of Understanding (MOU) with City of Pacific Grove

The Board received and reviewed the *General Manager Report* regarding the City of Pacific Grove annexing the Mission Linen property from unincorporated Monterey County in PBCSD service area into the surrounding City of Pacific Grove. The City of Pacific Grove City Council has already approved the MOU.

MOTION 21-04-08

Moved by Director Laska and seconded by Director Verbanec to approve *Resolution 21-10* authorizing General Manager to execute Memorandum of Understanding (MOU) with the City of Pacific Grove, related to a proposed annexation of a property located at 801 Sunset Drive, that will allow the District to retain existing wastewater services. Froke – Aye; Verbanec – Aye; Laska – Aye. Motion passed.

Pebble Beach Company Community Advisory Board

The Board received and reviewed the *Draft Minutes* of the Pebble Beach Company Community Advisory Board meeting held March 3, 2021, attended by Directors Verbanec and Froke.

California Special Districts Association of Monterey County

The Board received and reviewed the *General Manager Report* on the Special Districts Association of Monterey County meeting held April 20, 2021, attended by Director Verbanec and General Manager Niccum.

PBCSD Safety Committee Meeting

The Board received and reviewed the *Minutes* of the April 12, 2021 Safety Committee meeting prepared by General Manager Niccum.

Criteria for Resuming In-person Board Meetings

The Board received and reviewed the *General Manager Report* on the topic. The board was amenable to having a hybrid May board meeting with directors and public able to attend in-person or alternatively by video conference.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

General Manager Niccum provided the latest edition of the PBCSD newsletter. He announced the May board meeting would be the last for retiring Deputy General Manager/CFO Suha Kilic after 33 years of service to PBCSD. A job description for the position of Finance Director, to be assumed by Senior Accountant Marianna Pimentel upon Mr. Kilic's retirement, will be presented at the May meeting.

Mr. Niccum will report on the District's latent powers at a future board meeting.

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

Director Verbanec will email to directors and Mr. Niccum his notes from Senator Laird's webinar held yesterday, April 29th.

Oral reports or announcements from Board President, Directors or staff

There were no oral reports or announcements.

CLOSED SESSION

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

ADJOURNMENT

MOTION 21-04-09

M/S/C (unanimous) to adjourn at 11:58am to a regular Board meeting to be held on Friday, May 28, 2021 at 9:30am in person and/or via videoconference.



Mike Niccum, Board Secretary