

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of April 24, 2020
MINUTES**

CALL TO ORDER

A regular meeting of the Board of Directors of the Pebble Beach Community Services District (PBCSD) was held via teleconference on April 24, 2020. 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

Mike Niccum, General Manager

Suha Kilic, Deputy General Manager/CFO

Rob Wellington, Legal Counsel

Nick Becker, District Engineer

Yuriana Nunez, Administrative Assistant

Nancy Johnson, Senior Accountant

Mariana Pimentel, 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

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

Barbara Buikema, General Manager, CAWD

David Stivers, President, Pebble Beach Company (PBC)

Peter Brown, Director of Security, PBC

Vinod Badani, E2 Consulting Engineers

Jacqueline Fobes, Board Director, Del Monte Forest Property Owners

Hampton Stewart, Pebble Beach resident

Laura Paxton, Board Clerk

APPEARANCES, ORDER OF BUSINESS, & ANNOUNCEMENTS

Yuriana Nunez, PBCSD Administrative Assistant explained teleconference protocol for the meeting.

William R. Gianelli, retired civil engineer, passed away at the end of March at the age of 101. Mr. Gianelli served on the PBCSD Board of Directors from 1991 until 2003. He was instrumental in the construction of the Reclamation Project and the subsequent Forest Lake Reservoir Project. He also served on the original Monterey

Peninsula Water Management District Board, on the Board of the Monterey Regional Waste Management District, on the Del Monte Forest Conservancy Board of Directors and is a former president of the Monterey Peninsula Country Club. The board concurred to adjourn the meeting in his memory.

The board concurred to move Item 16 to the beginning of the meeting.

GENERAL GOVERNMENT

Status Report of District Response to Coronavirus Disease (COVID-19)

The Board received and reviewed the *General Manager Report*. Chief DiTullio advised that precautions were being taken by fire department personnel and that the battalion had not suffered any exposure. He was thankful the CAL FIRE staff was able to respond to medical emergencies despite the COVID-19 risk.

MINUTES & FINANCIAL MATTERS

MOTION 20-04-01

Moved by Director Verbanec, seconded by Director Gebhart, and unanimously carried 5-0, to approve, as presented, the minutes of the regular board meeting held February 28, 2020.

Statement of Receipts and Disbursements

The Board received and reviewed the *Statements of Receipts and Disbursements* for February and March 2020 and CFO Kilic gave highlights.

MOTION 20-04-02

Moved by Director Froke, seconded by Director Laska, and unanimously carried 5-0, to approve the *Statements of Receipts and Disbursements* for February and March 2020.

Check Register

The Board received and reviewed the February and March 2020 *Check Registers*. Staff responded to questions.

MOTION 20-04-03

Moved by Director Laska, seconded by Director Gebhart, and unanimously carried 5-0, to approve the *Check Registers* for February and March 2020.

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)*. Principal Engineer, Nick Becker gave a presentation of the 15-year program. The cost of Program items not including Reclamation has increased approximately 41% from the previous year due to a 59% increase in Undergrounding to complete Phase III, and reductions in Fire, Wastewater, and Administration capital expenses. Capital improvements reimbursed by the Reclamation Project increased by 3%.

Annual Update of the District Long-Term Financial Plan

The Board received and reviewed the *Long-Term Financial Plan*. CFO Kilic gave a presentation including financing the District Operating (O&M) and Capital expenses, Reserves and Undergrounding Projects by the current resources and anticipated future revenue. Mr. Kilic reported that \$36 Million Undergrounding projects can be accomplished according to the schedule presented in the COP, with an estimate that capital reserves maybe below the amounts calculated under the historical method for a period of ten years. He said the reserves would increase thereafter, including \$4 million in additional reserves by the end of 15-year period earmarked for future CAWD Plant capital outlays. Regarding the impact of COVID-19 pandemic on the Plan, Mr. Kilic said there are uncertainties related to spread of virus, repeated outbreaks and speed of the economic recovery; yet, the District has a strong balance sheet, no debt and good reserves entering into this period. The property tax which constitutes 85% of the District's annual revenue is a stable source and less volatile than other types of tax revenue. He provided an analysis of the factors that may impact the property tax revenue, including collection delays, reduction in assessed valuations, slowdown in growth and State actions. Based on the discussions with the County Tax Collector and the County Assessor, COVID-19 pandemic is not expected to have a material impact in the current and next fiscal year revenue. He recommended the District continue with its practice of updating the Long-Term COP and the Financial Plan in future years and make adjustments as needed.

Mr. Kilic recognized Senior Accountant Nancy Kay Johnson for taking the lead role in preparing the Long-Term Financial Plan.

MOTION 20-04-04

Moved by Director Froke, seconded by Director Gebhart, and unanimously carried 5-0, to approve the PBCSD Long-Term Capital Outlay Program and Long-Term Financial Plan.

PBCSD Preliminary Budget Fiscal Year 2020-21 and Set Budget Hearing

The Board received and reviewed the *PBCSD 2020-21 Preliminary Budget* and CFO Kilic gave a presentation. Estimated revenue of \$18,760,000, excluding Reclamation Project reimbursements, is 6.6% higher than prior year's budget. Sewer user fees are proposed to increase by 9.0% or \$2.02 per month from \$22.48 to \$24.50 for residential units effective July 1, 2020. 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 7.3% also effective July 1, equivalent to \$1.88 per month from \$25.68 to \$27.56 for basic residential services. Mr. Kilic presented the components of the proposed increase in garbage service fees.

Operations & Maintenance (O&M) expenses increased by 4.5% to \$15,207,000 excluding \$525,000 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 \$27,962,000.

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 recognized Senior Accountant Marianna Pimentel for taking the lead role in preparing the budget. There were no comments from the public.

MOTION 20-04-05

Moved by Director Verbanec, seconded by Director Gebhart, and unanimously carried 5-0, to adopt *Resolution No. 20-05* approving the Preliminary Budget for fiscal year 2020-21 and setting Final Budget Hearing on June 26, 2020 at 9:40 a.m.

Fire Department

Fire Chief's Monthly Report

The Board received and reviewed the *Monthly Fire Department Activity Report* for February 21, 2020 – April 17, 2020. Chief Gaines reviewed incident responses during the period. A multi-vehicle collision occurred on Highway 68 yesterday involving a technical and difficult patient extraction. A free-standing wood stove caused a fire on the deck of a residence on Crest Road in the morning of April 18th. During the two-month time period of no board meeting and due to urgency of need, Mr. Niccum authorized an \$85,000 purchase of two fire department diagnostic monitors included in the current year's budget. In the interest of protecting public health, the Open House and Safety Day in June has been cancelled.

Inspector Trenner reported fuels reduction work in Navajo Tract is complete. Work along Hwy 68 near SFB Morse Gate to the bridge is partially complete, being interrupted by roadway paving. Crews repositioned to Del Ciervo/Fire Road 20/Midwood Road area working back toward 17 Mile Drive. The goats are anticipated in May, initially on Sunridge Road and in the Midwood/Fire Road 20 area. Annual defensible space lot inspectors, military veterans contracted by PBCSD on a seasonal basis, are being hired back for early May. Director Froke requested the Sydney Golden Wattle acacia, possibly the most flammable tree in the forest, be addressed in the Fire Fuels Reduction Program. Mr. Niccum noted that treatment would be sensitive to residents using acacia as road screening.

Chief DiTullio reported the helicopter out of Bear Valley, the fixed wing aircraft in Hollister, and twelve of 17 state engines are being staffed. Inmate crews will be staffed for fuels work by 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 15, 2020 and Mr. Becker presented. Over the last three months, Forest Lake Reservoir water storage averaged 98%. The 2020 irrigation season has recently begun and alternative source water facilities are operational. A 1,200-gallon sanitary sewer overflow occurred in the Lodge area. Construction activities at the Sloat building project damaged a sewer main and the spill was contained on site by PBC staff prior to PBCSD arrival. A significant leak from the potable water supply line feeding the PBCSD administration building underwent emergency repairs mid-March. The repairs were completed by Graniterock and A&R Plumbing at an estimated cost of \$40,000 to \$50,000.

PBCSD Capital Improvement Projects

The Board received and reviewed the *Engineering Report* and Mr. Becker presented slides. The Reclamation Storage Tank Rehabilitation Project nears close-out with the tank placed in service April 15th. Mr. Niccum commended the District Engineer, Assistant Engineer and E2 Consulting for pushing the contractor to complete this complicated project prior to the start of the irrigation season.

Spanish Bay Pump Station P-8 Rehabilitation Project Engineering Services

The Board received and reviewed the *Engineering Report*. Staff recommended SCADA evaluation and rehabilitation efforts be initiated for the first of eight District wastewater facility pump stations.

MOTION 20-04-06

Moved by Director Froke, seconded by Director Gebhart, and unanimously carried 5-0, to adopt *Resolution 20-06* approving Project Assignment No.42 to the Master Agreement with E2 Consulting Engineers, Inc. to provide engineering design services in association with the Spanish Bay (P-8) Pump Station Electrical and SCADA Improvement Project for an amount not to exceed \$70,000.

CAWD Board Meeting

Director Verbanec reported on the CAWD teleconference board meeting held March 26, 2020. The meeting was routine.

SOLID WASTE MANAGEMENT

Monterey Regional Waste Management District (MRWMD) Board Meeting

The Board received and reviewed the *Agenda Information* for the MRWMD board meetings held March 20 and April 17, 2020. Director Laska reported the April 17 teleconference meeting covered operational impact from COVID-19 and precautionary measures taken. Contracts for replacing and adding to scales were considered. Commercial waste tonnage has dropped significantly. The Last Chance Mercantile will reopen once authorities allow, however the buy-back center will close permanently.

GENERAL GOVERNMENT

Call for a General District Election on November 3, 2020

Directors Laska, Verbanec and Gebhart have board terms expiring end of 2020.

MOTION 20-04-07

Moved by Director Froke, seconded by Director McKee, and unanimously carried 5-0, to adopt *Resolution 20-07* calling for a general district election within the District on Tuesday, November 3, 2020 for the purpose of electing three directors to terms of office.

Local Agency Formation Commission (LAFCO) Alternate Director Election

The Board received and reviewed *Ballot and Candidate Information Sheets* to select one Independent Special District Alternate Member to serve a four-year LAFCO term. The board concurred to direct general manager to cast a ballot for incumbent Warren "Pete" Poitras.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

General Manager Niccum had no report.

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

Mr. Stivers gave a status update on PBC operations. Standard operating procedures are being developed for reopening in prevailing conditions. PBC is coordinating an intensified fuel reduction effort in Pescadero Canyon ahead of reopening. In that regard, Mr. Niccum noted a meeting amongst PBC, the fire department, Open Space Advisory Committee and Del Monte Forest Conservancy representatives is planned for next week.

CLOSED SESSION

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

ADJOURNMENT

MOTION 20-04-08

M/S/C (unanimous) to adjourn in memory of William R. Gianelli at 11:40 a.m. The next regular Board meeting will be held on Friday, May 29, 2020 at 9:30 a.m. via teleconference.



Mike Niccum, Board Secretary