

Mission Hills

Community Services District

1550 E Burton Mesa Blvd., Lompoc CA 93436-2100

Telephone: (805) 733-4366 - Fax: (805) 733-4188

Website: www.mhcsd.org



Directors:

Walter Fasold
Danny Hayes
James Mac Kenzie
Tim Naughton
Bruce Nix

M-I-N-U-T-E-S Regular Meeting October 21, 2015

The Regular Meeting of the Board of Directors of the Mission Hills Community Services District was called to order by President Mac Kenzie at 6:30 p.m. on Wednesday, October 21, 2015 at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

DIRECTORS PRESENT:

By roll call: Walter Fasold, Danny Hayes, James Mac Kenzie, Tim Naughton and Bruce Nix

DIRECTORS ABSENT:

None

STAFF PRESENT:

Michael Riley, Melissa Stevens, Carry Via, Steven Sarot, Logan Pirkle, and Casey Fowler

OTHERS PRESENT:

See attached sign in sheet

3. PLEDGE OF ALLEGIANCE:

Pledge of Allegiance.

4. SPECIAL PRESENTATION:

Allen Eschenbach from Glenn Burdette presented the Draft 2014/2015 Financial Statements. He started with telling the Board that the District has come a long way over the past years thanks to the hard work of the District Accountant, and because of this it makes the whole audit process easier. Mr. Eschenbach briefly discussed the report and the Schedule of Findings and Recommendations on page 24. He reminded the Board that last year's report also included finding 15.01 "Inadequate Segregation of Duties," which is an issue that is going to continue to show up every year based on the District size. He recommended that the District continue to evaluate the assignment of responsibilities and authority in the accounting department and segregate duties to the best of its ability given the size of the District and the resources available. Mr. Eschenbach stated that normally you would have 4 different people handling customer payments, billing, payables, and reconciliations. He feels the District is doing the best practices possible with the amount of staff it has. The only way to eliminate this finding is to hire another office staff person, which he says he would not recommend for this purpose alone. The Board of Directors briefly discussed/ explained to the audience the current rate structure and how it has major deficiencies that are being addressed in the new rate study currently being conducted. Mr. Eschenbach commented that even though the District is dealing with deficit

spending over the past few years we are doing well in the big picture. The past Board has established reserves to get the District through times like this and overall are in a strong position. Director Fasold wanted to recognize and thank the District Accountant for all of her hard work.

5. AGENDA REVIEW:

Agenda Item 5a. Motion by Director Nix, second by Director Fasold that all resolutions and ordinances presented tonight be read in title only and all further readings be waived. Unanimous 5-0.

6. COMMUNITY COMMENTS AND SUGGESTIONS:

- a. David Seipel commented that he used to brag all the time about how the rates were never being raised, then all of a sudden the community was hit with a huge rate increase after the District went to an expert who he believes gave us a standard rate structure that didn't actually fit to our district. He believes the sewer rates are unfair and wants that to change to be fair and equitable to all the community.
- b. Dale Lardy also discussed the problems he sees with the rate structure. He feels that the tier water rates are punishing the people who use the water and that the winter averaging is unfair and unrealistic.
- c. Myron Heavin believes that when you turn the water on there is a cost associated and that the more water you use the more treatment it takes.
- d. Dale Lardy stated that he has heard time and time again that the District has done what they can to cut costs but wonders if there is anything else that can be done.
- e. Myron Heavin would like for the Board to seriously look into alternative power and have that be something the District can make and charge to the community instead of PG&E.
- f. Jane Fasold commented that because of Walt she looked at the new sewer line installation and believes they did an amazing job with both the work performed and how they minimized inconveniences to the community as much as possible.
- g. Dale Lardy thanked Directors Fasold and Naughton in trying to control costs within the District. He also wanted to know about the penalty for using self-regenerating water softeners.

7. CONSENT AGENDA:

Motion by Director Mackenzie, second by Director Nix to approve the Consent Agenda after review.

Agenda Item 7a. Consideration of Approval of Minutes.

Approved Minutes of the Board of Directors Regular Meetings held September 16, 2015 and a Special Meeting held September 23, 2015 with corrections on the September 16th meeting under agenda item 10b.

Agenda Item 7b. Reports on Water, Wastewater and Street Sweeping.

Street Sweeping Report, Water Reports and Wastewater Reports were reviewed. General Manager Riley discussed well #6 in more detail and explained that we will be doing a vibration analysis to make sure the problem is addressed. Director Fasold asked if there was anything new to report for the Lead and Copper failed test. General Manager Riley stated that he is still looking into why this happened and working with the professionals to see what to try next.

- Agenda Item 7c. Consideration of the Manager's Project and Expenditure Reports.**
September Profit and Loss Statement, Expenditures (year to date), Bank Account Summary, Disbursement Journal, Variation from Projected Income, Outstanding Issues in both Operational and Administrative, and the RNC Genter monthly statement.

Vote to approve the Calendar of Consent was 5-0

- 8. CORRESPONDENCE:** These items are placed on the agenda for informational purposes only. No action required.

- Agenda Item 8a. Staff Training for one Staff Member – California Special District Association (CSDA) in Lake Tahoe, CA**

A break was called at 8:25 pm
The meeting was reconvened at 8:32 pm

- 9. CONTINUED BUSINESS:**

- Agenda Item 9a. Employee Medical Benefits offered by Mission Hills CSD**

District Board of Directors review and discuss the medical benefits that were approved at the September 23 Special Meeting and the financial impact and possibly change the health care benefits currently offered to employees. Director Mac Kenzie gave a brief history of the past few meetings and why this topic is on the agenda tonight. He covered the two open positions, the Districts retirement and health benefits, how those compare to other Community Services Districts, and the financial implications. Director Fasold stated that he still sees the process that the Board has gone through is the real problem here and that he strongly supported postponing the September meeting until the full board was present. He went on to say that he is not against the benefits but in a time of such deficit he thinks they are out of order and that it is not fiscally responsible. Director Naughton feels that when there is a problem we need to take a direct approach. The issue at hand was not the benefits, it is staffing issues and that is what we should have been focusing on. He questioned how often people leave the District and believes it shouldn't be too hard to find the right people to work for us. Director Nix stated that he has been on this Board for 30 years and for 8 years in a row the community had no rate increase. The reserve money was used for big projects the District accomplished such as, 2 new wells, Pond 2 being relined... He believes the benefit package for staff should have been better a long time ago. Director Hayes also believes the benefits should have been addressed a long time ago, and that the new homes coming into the District are going to require better staff licenses. He believes that the additional cost is going to be covered in this budget cycle and can be looked at again next year.

PUBLIC COMMENT:

Dale Lardy asked about the additional costs of the benefits and questioned if the financial deficit is really from the drought or is it that the district is not cutting enough costs.

Marvin Heavin stated the District has 3.5 million dollars in the account and with the new homes coming in it would be a solution to the deficit spending. He will not be surprised for the rates to be increased but believes there is a light at the end of the tunnel.

It was determined that a Special Meeting will be held on Tuesday October 27, 2015 beginning at 6:30 pm to discuss the benefits further. It was also recommended for a budget policy to be updated and included detailing a super majority vote for budget approval and a dollar amount of budget changes.
This agenda item was tabled after much debate to the next special meeting

10. NEW BUSINESS: None

11. GENERAL MANAGER ITEMS: None

12. BOARD MEMBER COMMUNICATIONS: None

13. STAFF COMMUNICATIONS: None

14. ADJOURNMENT:

There being no further business to come before the Board the meeting was adjourned at 9:50 p.m. to the next Special Meeting to be held October 27, 2015 at the District's meeting room beginning at 6:30 pm.

Respectfully Submitted,

Casey Fowler
Secretary, Board of Directors

APPROVED AS TO FORM:

James Mac Kenzie
President, Board of Directors