

MINUTES
SAN SIMEON COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS SPECIAL BOARD MEETING
1350 MAIN STREET
CAMBRIA, CA 93428
Thursday, April 03, 2025
6:00 p.m.

1. CALL TO ORDER

The Special Meeting of the San Simeon Community Service District Council was called to order at 6: 03 p.m. by Chair Diamond.

2. ROLL CALL

Present: Chair Jaqueline Diamond, Director Michael Donahue
Director Holly Le, Director Karina Tiwana

Absent: None

Staff Present: Patrick Faverty, Ed.D., Interim General Manager
Nubia Goldstein, District Counsel - White Brenner LLP
Ruth Montgomery, District Support Staff

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was held at 6:04 p.m.

Chair Diamond requested that an item be moved out of order on the agenda and deferred to District Counsel for further direction.

District Counsel stated that the Board would like item B under closed session to be taken out of order and addressed immediately following item 5i. District Counsel requested that the Board make a motion to approve this change.

Interim General Manager expressed support for the request but requested that the Sheriff's report and the FRM report be presented promptly following the motion.

District Counsel confirmed that, to accommodate the request, a motion from a board member was required to move item B of the closed session to follow item 5i.

Chair Diamond made a motion to move item B of the closed session to follow directly after item 5i. Director Donahue seconded the motion.

AYES: Diamond, Tiwana, Le, Donahue

NOES:

ABSTAIN:

ABSENT:

4. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

None

5 NON-DISTRICT REPORTS (6:07 p.m. – 6:10 p.m.):

A. Sheriff's Report – Commander Abbas shared that, according to the call statistics for the past months, there were 21 calls for service in March, compared to 40 during the same period the previous year. The calls included two for suspicious circumstances, one for an enforcement stop, one for preventative control activity, and one for disturbance.

B. Director Donahue asked if there was any specific reason for the reported 50% reduction in calls for service, based on the report.

Commander Abbas stated that he does not have a single explanation but acknowledged that it is a significant reduction. He agreed that the statistical decrease in criminal activity is a positive development.

Director Tiwana commented that, under the circumstances, this is a moment to claim a victory. She expressed her gratitude as a member of the community for the success and efforts of the Sheriff's Department in keeping the community safe and secure.

PUBLIC COMMENT FOR THIS ITEM

- None

The FRM Representative was not present at the time this item was brought up for discussion. The Board agreed to proceed to the closed session and return to this item afterward.

CLOSED SESSION (6:10 p.m. – 6: 39 p.m.):

Public comments on the closed session agenda are limited to three (3) minutes per person per item. The Board will adjourn to Closed Session to address the following item(s):

- PUBLIC COMMENT

After the conclusion of the closed session Chair Diamond stated that directions have been given to staff.

5. DISTRICT STAFF & COMMITTEE REPORTS (6: 39 p.m. – 6:53 p.m.):

Public comments at the conclusion of District staff and committee reports are limited to three (3) minutes per person per item.

A. STAFF REPORTS:

- i. **FRM Operations Report** – Stated a Summary of March Activities.

FRM Representative was not present when this item was initially brought up for discussion. The Board agreed to proceed to the closed session and return to this item afterward. Upon conclusion of the closed session, the FRM Representative was still not present and did not provide a report.

- ii. **Interim General Manager's Report** – Stated a Summary of March Activities

Interim General Manager stated that he spoke with the welding company that previously worked on the pipe bridge, which provided an estimate of \$8,000 for repairs expected to extend the bridge's life by approximately 10 years. The repairs are nearly complete, and he will follow up early next week. As a result, the need to replace the pipe bridge can be set aside for now.

Director Donahue asked if the cost of repairs included paint.

Interim General Manager stated yes, the cost of repairs included the paint estimate and reported that FRM has begun replacing the first set of water meters approved last month. During installation, additional parts were found to be needed, including correctly sized meters, which have been ordered. Completion of the first round of replacements is expected by next week. He also noted that the AT&T fiber upgrade at the district office is 90% complete and is projected to cut the monthly internet bill in half, eliminating the need for a separate San Simeon cable connection. The only concern is the noise generated by a large equipment box installed in the office; efforts are underway to build a sound-dampening enclosure. Additionally, the Interim General Manager directed Ruth

Montgomery to create a district records inventory worksheet to support collaboration with the county's reorganization consultant, once appointed. The worksheet will include deferred maintenance needs, current and historical contracts, original agreements, and other key documents. Ruth was brought on due to her background in technology, archival systems, and municipal records, and is currently taking courses in records management to support the district's retention schedule. This effort is intended to prepare the district for the consultant's review and streamline access to important information. The project is expected to be completed by late May or mid-June and includes organizing, digitizing, and integrating electronic records and accounting software systems.

Director Tiwana expressed appreciation for the efforts made toward improving the district's records retention practices. She suggested that, as an alternative to taking courses, the district could adopt the county's records retention policy by resolution, noting that such policies are standard in both the public and private sectors. She also recommended that all district-related email communications be conducted through official district email accounts and devices, which are now in place. She emphasized that these devices should be under district control to ensure the district administrator maintains custody of records for compliance with public records requests. Director Tiwana noted that she has taken steps to ensure her personal device is not used for district business and encouraged moving this process forward.

iii. District Financial Summary – Stated a Summary of March Financials.

Interim General Manager stated that compiling the financials in time for the meetings is challenging due to the timing at the beginning of the month. Additionally, last week there were two days during the AT&T transition when online access to QuickBooks was unavailable. The only financial items provided to the Board today are the disbursement journals and balance sheets for February. He is open to any questions.

iv. District Counsel's Report – Stated a Summary of March Activities.

District General Counsel stated there is nothing to report.

v. Reorganization Committee Report- Stated a Summary of March Activities.

Chair Diamond stated that the committee has not met due to the lack of new information. The county is currently evaluating prospective candidates for the consultant position, and while no specific timeline is available, she expects the process to be completed by the end of May. At that point, the evaluation of the district's feasibility for county takeover will begin. She also noted that Cambria CSD has expressed interest in taking over the wastewater treatment plant and has met with the county's public works department. While the results of that meeting are unknown, Cambria CSD is highly

interested in taking over the plant. Director Diamond indicated that she does not see the need for the committee to convene again until the consultant is hired.

PUBLIC COMMENT FOR THIS ITEM

- None

6. CONSENT AGENDA ITEMS (6: 53 p.m. – 6:55 p.m.)

A. REVIEW AND APPROVAL OF MINUTES FOR THE MEETING ON MARCH 06, 2025

B. REVIEW AND APPROVAL OF MARCH DISBURSEMENTS JOURNAL

PUBLIC COMMENT FOR THIS ITEM

- None

Director Donahue makes a motion to approve consent calendar items A&B, Chair Diamond second the motion.

AYES: Diamond, Le, Tiwana, Donahue

NOES:

ABSTAIN:

ABSENT:

7. BUSINESS ACTION ITEMS (6:55 p.m. - 6: p.m.):

A. Discussion and Update regarding revisions to the Akel Report.

Interim General Manager stated that it took some time to contact Tony Akel, the original drafter of the 2022 report, but with assistance from Director Donahue and Mr. Hather, the Interim General Manager was able to reach him. A meeting is scheduled next week with Interim General Manager, Chair Diamond, and Director Donahue to discuss potential revisions to the report. The Interim General Manager expressed hope that a completely new report will not be necessary, but that the district will likely pay for a slight addendum. The meeting will focus on areas that need revision and further discussion.

B. Discussion and Update on the implementation of Automatic Banking Deposit (ACH) for processing District payments.

Interim General Manager reported that during discussions with the Premier Bank Assistant Manager, it was explained that the concept of automatic banking has two options. For a fee, the bank can automatically withdraw

funds from individual accounts and transfer them to the district's account. Alternatively, payers can set up automatic payments directly to the district. The key difference between the two options is the cost. If the district opts for the bank to automatically withdraw funds, it will incur a fee. The question to consider is how many residents are willing to accept a fee added to their monthly payment. At the same time, individuals can set their own bank accounts to automatically send payments to the district.

Director Tiwana commented that after reviewing the recently approved disbursement journals, she noticed an item for payment to an individual who processes checks. She requested that information be presented comparing the cost of paying someone to process checks versus the cost of automatic banking fees, as well as the benefits of automatic processing versus manual labor.

Interim General Manager stated that the cost of implementing automatic banking withdrawals will depend on the number of residents who sign up.

Director Tiwana asked if the district has any data showing how many people were signed up for the automatic banking process when it was in effect.

Interim General Manager stated that he does not have access to that data, as it was not retained by the district during the transition to the new Interim General Manager.

Director Tiwana stated that, based on her own anecdotal experience, many people have signed up for automatic banking.

Interim General Manager stated that he does not have the data regarding the costs and cannot attest to it. However, he noted that the bank was not very supportive of implementing the service due to the costs it would impose on the ratepayers.

Director Tiwana stated that she is aware of the cost on a per-person basis, but noted that if the service were economically scaled, the cost would decrease depending on the number of people actually signing up for the service.

Interim General Manager stated that he is unsure of the numbers or the cost per person, depending on how many people sign up.

Director Donahue stated that the district currently has 220 water meters.

Director Twana inquired about the percentage of ratepayers who might sign up for automatic deposit, noting that the district has 220 water meters. She also highlighted that many ratepayers do not live in San Simeon and expressed concern about the undue hardship it places on them to mail in checks or generate electronic checks, which could take weeks.

Interim General Manager stated that the feasibility of implementing automatic banking depends on how many ratepayers sign up, as not all ratepayers are enrolled in automated banking.

Director Tiwana stated that she believes this item has not seen much progress since it was first brought to the Board's attention. She noted that implementing automatic banking is a modern method for collecting funds, eliminating delays, late fees, or missing checks.

Director Diamond asked the Interim General Manager if it would be possible to investigate how to implement the changes and the associated costs.

Interim General Manager stated that he would conduct a deeper dive into the subject

PUBLIC COMMENT

- Robert Hather shared that, in his personal experience, shopping for banking services with BMA or similar institutions typically offers free ACH services or bill payments.

Director Donahue stated that he has had a negative experience working with the district's current bank.

Director Diamond suggested that the Interim General Manager explore other banking options if working with the current bank, Premier, continues to become increasingly difficult.

C. Discussion and direction on the proposed rate increase and potential action to initiate rate study

Chair Diamond stated that the Board had previously approved an 8% increase in water rates, but additional information has since come to the Board's attention.

District Counsel stated that this item was brought back for Board discussion, as the Board previously moved forward with the Proposition 218 process for rate increases, which requires preparing materials such as protest ballots and supporting documentation for residents and ratepayers. Counsel highlighted the ongoing implementation of new water meters as part of the district's infrastructure upgrade. Given the anticipated increase in efficiency, this development is an important consideration for the Board in deciding whether to proceed with the rate increases or potentially postpone them until the effects of the new meters are seen. The Interim General Manager can provide further details on the implementation process.

Interim General Manager noted that the district is experiencing difficulties with the current water meters. Replacing semi-functional meters with fully operational ones could result in an 8-11% increase in water income. With the water meter replacement phases expected to be completed in a few months, the district anticipates seeing growth in water service by June. This outcome is one of the factors being considered before deciding on the rate increase. Additionally, discussions have highlighted that any actions taken by the county will depend on how much revenue can be generated from the district's water rate increases to cover deferred maintenance. More information will be available by early summer.

PUBLIC COMMENT

- Hank Kruzick emphasized that the decision to proceed with the rate increase is a policy matter for the Board, considering the financial impact on residents. While efforts to improve efficiency are underway, they may not fully address the financial gap. If the Board has concerns about moving forward with Proposition 218 process, one option is to delay it for a few months to evaluate the impact of the new water meters. Alternatively, the Board can proceed as initially planned. District Counsel recommended postponing the 218 process to allow for further evaluation and to bring updated information back to the Board.

Director Diamond asked if the District Counsel had any comments regarding this statement

District Counsel stated that the decision to proceed with the rate increase is ultimately a policy decision for the Board, weighing the impact on residents' finances. Efforts are being made to improve efficiency and address the financial gap, but it is unlikely that these measures will fully close the gap. If the Board is hesitant to move forward with Proposition 218 process due to financial concerns for residents, one option is to delay the process for a few months to assess the impact of the new water meters. Alternatively, the Board can proceed with the original direction. District Counsel suggested that a prudent approach might be to postpone the 218 processes until further information can be evaluated and then brought back to the Board for consideration.

Chair Diamond asked if a motion needed to be made regarding this item.

District Counsel clarified that the Board had previously directed staff to move forward with Proposition 218 process, and that the new information regarding the installation of water meters was intended to be brought back for the Board's consideration. Counsel noted that if the Board wishes to delay the 218 processes, a motion to table the rate increase for a few months would be necessary in order to fully evaluate the impact of the new water meters on the district's finances and to bring the item back for Board action at a later date.

Director Donahue inquired with District Counsel about the timeline for implementing the rate increase if the item were tabled for four months, asking how long it would take for the rate increase to take effect following the Board's decision.

District Counsel reported that, per Board direction, work has begun on the Proposition 218 rate adjustment process. Additional data is being compiled to ensure full public disclosure of the financial basis and methodology for the proposed rate increase. District Counsel will assist with preparing necessary materials, including protest ballots. Once notice is issued to ratepayers, a 45-day protest period will follow, culminating in a public hearing for potential adoption of the rate increase. The process may take several months to complete

Director Tiwana expressed appreciation for the new information presented to the Board and stated that, in her view, introducing new information at this stage makes it challenging for the public to assess the accuracy of the previously proposed rate increase. She emphasized the importance of

following the established process and ensuring fairness and transparency and suggested that it may be appropriate to pause the process in light of the new information.

PUBLIC COMMENT

- None

Director Tiwana makes a motion to pause the implementation of the Proposition 218 process long enough to collect the relevant data but to not exceed 90 days from this date, to bring the third time back to the board to make further determination to whether to move forward with the vote that was approved during the March 06, 2025, meeting. Director Donahue second the motion.

AYES: Diamond, Le, Tiwana, Donahue

NOES:

ABSTAIN:

ABSENT:

D. Discussion and direction to schedule regular Board of Directors meetings to every other month.

Chair Diamond stated that she requested the item to be placed on the agenda because the district will soon undergo an evaluation by the reorganization consultant. She noted that the board currently has no outstanding items that need immediate attention until after the consulting process. Chair Diamond suggested that reducing board meetings to every other month would allow more time for information to be shared with the public and facilitate better reporting on items such as the disbursements journal.

Director Tiwana commented on Chair Diamond's statement, expressing appreciation for the effort to streamline the process. However, she voiced concern that the core purpose of the board is oversight, both from the board itself and the public. Director Tiwana acknowledged the reduced agenda but emphasized that a team of staff is working behind the scenes to address agenda items. She questioned how these items, which have been directed by the board as tasks for the staff, would be completed if there are fewer board meetings. While she appreciates the idea of fewer meetings, she is not in favor of reducing oversight.

Director Donahue expressed agreement with Director Tiwana, particularly with regard to the importance of closed sessions being included in the agenda. He noted that the potential for a major transition makes it crucial for the board to continue meeting regularly and not hold meetings only six months out of the year.

Director Le shared her agreement with Chair Diamond's proposal and stated that if an urgent issue arises that requires immediate attention, special meetings can be scheduled. She also agreed that holding meetings every other month appears to be a reasonable approach.

Director Donahue mentioned that there might be an impasse and indicated that there does not appear to be any reason why the board could not hold special meetings as needed, delegating authority to the staff when necessary.

Director Diamond expressed her comfort with predictable items and occurrences. However, she noted her concern about special meetings being scheduled without prior notice, which could result in situations where she is unable to attend in person or remotely. She feared that a 24-hour notice for a special meeting may not allow enough time to ensure a quorum, especially given the number of board members. Chair Diamond suggested that virtual meetings could help with this issue, but warned that if special meetings became frequent, it would create inconvenience.

Director Donahue requested if a decision on this item could be deferred and voted on at a later time.

PUBLIC COMMENT

- Hank Kruzick expressed concerns about the shift in opinion regarding bi-monthly meetings, noting that special meetings in the past have had more than 24 hours' notice. He suggested that moving to a bi-monthly schedule could ease staff workload, especially with the upcoming dissolution study and recent staff resignation. He also recommended the Board consider setting a standard notice period for special meetings and reminded them that no meeting was held in January due to a director's refusal to attend.

Director Tiwana made a motion to suspend all board meetings until such time as the board feels the need to convene, starting immediately and moving forward. She argued that if the board is considering shifting to every other month, it might be more efficient to suspend meetings indefinitely until there is a clear need to meet. Chair Diamond seconded Director Tiwana's motion.

Chair Diamond withdrew her motion.

The first motion fails due to the lack of a second

Director Le made a motion to have the regular board meeting
Scheduled for every other month. Chair Diamond seconds the motion

AYES: Diamond, Le, Tiwana,

NOES: Donahue

ABSTAIN:

ABSENT:

8. CLOSED SESSION (7:31 p.m. – 8:22 p.m.):

Public comments on the closed session agenda are limited to three (3) minutes per person per item. The Board will adjourn to Closed Session to address the following item(s):

PUBLIC COMMENT

- None

District Counsel reported that directions were provided to staff.

9. BOARD COMMENTS

District Counsel noted that bi-monthly regular meetings will begin following the next scheduled meeting in May.

10. ADJOURNMENT (8:24 p.m.)