



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**

Minutes of April 20, 2017

1. 4:00 PM OPEN SESSION / PLEDGE OF ALLEGIANCE / ROLL CALL

President Cousineau called the meeting to order at 4:00 pm and led the Pledge of Allegiance. Secretary Gelos called the roll. Director Foti was absent. All other Directors were present.

Staff present: General Manager John D'Ornellas, Office Supervisor / Board Secretary Kristen Gelos and Operations Manager Jason Molinari.

2. PUBLIC COMMENT

There were no comments

3. CAMP ROBERTS – ARMY NATIONAL GUARD

Lieutenant Colonel, Gregory Arenas gave a brief report of what was going on at the base this month and answered any questions from the Board as well as the public.

4. DISCUSSION ITEMS

President Cousineau changed the order of Discussion Items. Item A would be skipped and revisited after item B.

A. Water Allocation Update Draft Study: Manager D'Ornellas gave a brief summary of the Water Allocation Study and introduced District Engineer, Steve Tanaka who provided a power point presentation to the Board.

The District's current Water Allocation Study is dated August 2002 and is outdated and needed an update. The Study is used primarily to confirm available allocation of water to future development and projects and confirm that the District's future water demands align with the full allocation of 1,100 AFY. It does not allocate water to current approved subdivisions or customers.

Director Barker had comments in regards to the data being used. He believes we should go back and use consumption data prior to the drought. He asked the Study be brought back to the Board with more years added prior to the current drought.

D'Ornellas said we would be able to produce the data that is included in our current billing data base that goes back to 2006 and provide it to District Engineer to include in the final report.

The report was received and filed by the Board.

B. Budget 2017/18: Manager D'Ornellas provided the Board with a brief summary of the first draft of the 2017/18 budget.

D'Ornellas stated the 1st draft of next year's budget has a \$52,427 deficit in the water fund and a \$21,814 deficit in the sewer fund. The capital projects in both of these funds are not supported by current fees. This 1st budget draft assumes no rate increase.

This 1st budget draft's water fund has a conservative increase in water demand (and resulting revenue). Due to the full lake and elimination of the State drought mandates we may see a higher water demand.

D'Ornellas said over the last five years of drought mandated water demand reductions many customers have changed their landscaping and may use less water in the future regardless of any drought restrictions. The budget assumes the new GM comes in at the top salary and at the lower pension plan cost. The solid waste fund incorporates the recent franchise fee increase and assumes a final increase of 2% to franchise fees on February 1, 2018. The capital projects budget is per the recent Capital Improvement Program reviewed/approved by your Board.

D'Ornellas answered any questions from the Board. The report was received and filed.

- C. HRCSD Groundwater Sustainability Agency (GSA):** Manager D'Ornellas provided an update to the Board. D'Ornellas reported that the San Luis Obispo County Board of Supervisors took action on April 4, 2017, to reconsider their policy on funding SGMA compliance for all unincorporated lands of the County. The key change to the policy is the County will fund the GSA/GSP process without assessing fees to land owners. This is a major policy shift.

D'Ornellas said that future SGMA actions and costs within the County including long term GSP implementation is unknown. Remaining as our own GSA may still be cost effective for us and does provide us a "seat at the table".

All Directors were in agreement with continuing on the HRCSD GSA formation path and participate as a partner with the other GSAs in the Paso-Sub Basin with the intent to submit another round of boundary modification to the DWR in 2018.

- D. Water Conservation Policy 2017 – Adoption of Resolution 17-04:** Manager D'Ornellas provided the Board with an update on the 2017 Reservoir status as well as State drought updates.

On April 7, 2017, Governor Brown issued Executive Order B-40-17 which lifted the drought emergency but builds on actions taken in Executive Order B-37-16 that continues water conservation throughout the State.

Director Barker made a motion to adopt Resolution 17-04 Appealing Stage II Drought Water Use Regulations and Restating Water Use Regulations in Compliance with Governor Brown's Executive Orders. This Resolution would limited outside irrigation to six days a week and is on a voluntary basis. Director Burgess seconded the motion. The motion passed by a voice vote:

Ayes: Barker, Burgess, Rowley

Noes: Cousineau

Absent: Foti

- E. Finance Committee Report:** Manager D'Ornellas provided the Board with a brief summary of the item. Director Barker spoke on behalf of the Finance Committee and provided the Board with Finance Committee direction for the Water and Sewer Rate Study Proposal.

Director Barker said the Committee was favoring the scenario Baseline plus Depreciation, Delay CIP 2 years.

All Directors were in agreement to this scenario and directed that this financial scenario be forwarded to the Rate Study consultant to create proposed rate structures.

5. CONSENT ITEMS

- A. Regular Meeting Minutes:** Receive/approve minutes of March 16, 2017.
- B. Warrant Register:** Receive/approve March 2017 warrants.
- C. Treasurer's Report:** Receive/file March 2017 report.
- D. Fiscal Report:** Receive/file status report for March 2017.

E. Manager's Report: Receive/file March 2017 report.

F. Staff Reports: Receive/ March 2017 reports.

Director Barker pulled items E and F and made a motion to approve items A, B, C and D as presented. Director Burgess seconded the motion. The motion passed by a voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Foti

Manager D'Ornellas provided a summary of the Manager's Report and answered any questions the Board had. Operations Manager gave a brief summary of the Operations Report.

Director Barker made a motion to approve items E and F as presented. Director Rowley seconded the motion. The motion passed by a voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Foti

6. DIRECTORS/MANAGER COMMENTS

Director Barker asked Manager D'Ornellas if he had any information on a sewer spill at CMC. D'Ornellas provided information he had.

Manager D'Ornellas informed the Board of a CSDA Chapter Meeting to be held on March 29th.

7. ADJOURN TO CLOSED SESSION

On a motion by Director Burgess and seconded by Director Barker, the meeting adjourned to closed session at 5:55 pm.

8. RECONVENE TO OPEN SESSION

On a motion by Director Burgess and seconded by Director Barker, the meeting reconvened to open session at 6:46 pm. There was no reportable action from closed session.

9. ADJOURNMENT

On a motion by Director Barker and seconded by Director Rowley, the meeting adjourned at 6:47 pm to the next scheduled meeting on Thursday, May 18, 2017 at 4:00 pm.

APPROVED:

Reginald Cousineau, Board President

ATTEST:

Kristen Gelos, Board Secretary