

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
SANTA LUCIA COMMUNITY SERVICES DISTRICT
November 14, 2023

The regular meeting of the Board of Directors of the SANTA LUCIA COMMUNITY SERVICES DISTRICT was held in person at the Preserve Golf Club Library at the Santa Lucia Preserve, 19 Pronghorn Run, Carmel, California, at 9:00 A.M. on Tuesday, November 14, 2023. Members of the public were provided access via ZOOM.

Call to Order. The meeting was called to order at 9:09 A.M. by Board Vice Chair Barbara SANTRY.

Roll Call. The following Directors were present: Barbara SANTRY, Melissa THORME, Scot SMYTHE, and Cary WHITFIELD. Also present were Bob LATTA, Advisory Member; Forrest ARTHUR, District General Manager; Karen BAXTER, Preserve Company Chief Executive Officer; Aimee DAHLE, District Executive Assistant; David SIMPSON, Director of Operations; Emily AIKEN, Fire and Fuels Management Specialist; Jack PEAT, member of the public. Joining via ZOOM were Rob WELLINGTON, District Legal Counsel; Alexis SCHWEISINGER, member of the public (leaving at 10:45 a.m.); and Paul INGRAM, member of the public (leaving at 11:23 a.m.).

Public Comment. Alexis SCHWEISINGER, representing Green Infrastructure Design, addressed the Board regarding a contract that was held with her company for GIS services with the District. Ms. SCHWEISINGER stated Green Infrastructure Design felt that their contract was not properly cancelled with written notice as required. Ms. SCHWEISINGER went on to inquire why a Request For Proposals (RFP) was not issued regarding GIS/Database professional services that was recently awarded to another company. Mr. ARTHUR thanked Ms. SCHWEISINGER for her concern and let her know that Legal counsel will review her claim and it will be addressed and a formal response will be issued. Mr. INGRAM spoke as a neighbor with a home in the White Rock Club. Mr. INGRAM stated that with the District having Fire Prevention within its list of approved services, he believed the District fire coverage could be better serviced with a contract with Cal Fire. Mr. INGRAM asked that the Board look into other fire protection options. Mr. ARTHUR thanked Mr. INGRAM for his comments. With no other members of the public requesting to speak, the public comment period was closed at 9:19 a.m.

Approval of Minutes. Special meeting minutes for the October 12, 2023, meeting were presented. With no corrections needed, a motion was made by Director THORME and seconded by Director SMYTHE to approve. After a roll call and by unanimous vote, the minutes were approved.

General Manager's Report

Financial Report. Mr. ARTHUR presented a variance report and informed the Board that the current figures show approximately \$280,000 variance better to budget

figures. Mr. ARTHUR informed the Board that the variance was primarily due to several projects scheduled in the first quarter that were delayed for various reasons. Mr. ARTHUR then made note that in prior years, these projects were reported below the operating expenses line as capital like expenses titled “Considerations” in the budget. In an effort to have the quarterly reporting tie closer to the Audit results, the Considerations have been moved to the Repairs and Maintenance line. Mr. ARTHUR mentioned that other expenses were running just slightly better to budget. A notable exception was within the Trash Collection Department, with a variance of approximately \$3,000 over plan, primarily due to a surcharge for extra weight relative to haul off. Next, Ms. SANTRY elaborated on her concerns regarding quarterly reporting and forecasts during the budget approval process as it relates to the actual cash spending as reported in the audit results. Ms. SANTRY also reminded the Board she had provided a memo detailing her concerns regarding inaccurate variance reporting. Mr. ARTHUR responded that at a prior meeting, the Board was polled on whether or not to engage the auditors with a special project to investigate the concerns as detailed in the memo regarding inaccurate reporting, with the Board electing not to do so. Mr. ARTHUR then reminded the Board that several significant modifications had been made during the budget approval process to help in regard to aligning the quarterly reporting to audit results, including the removal of gross up charges in the revenue and expenses lines, and bringing the Considerations to the top line, as aforementioned.

Mr. ARTHUR next went on to present the CSD projected allocation of SLPCO expenses as proposed in the FY 2023-2024 budget. Mr. ARTHUR pointed out that the proposed SLPCO allocation were increased from prior versions increased in the second half by 4%, primarily due to employee compensation increases, legal fees associated with employee housing, and contract services related to the allocation study. Mr. ARTHUR stated that the actual employee compensation amount will be determined by the SLPCO Board a future meeting with an understanding that the individual Boards will have the ability to approve or deny the recommendation for compensation. After further discussion, a motion was made to approve the CSD projected allocation of SLPCO expenses as presented by Director SMYTHE and seconded by Director WHITFIELD. After a roll call, Directors SMYTHE, SANTRY, and WHITFIELD all voted to approve, with Director THORME abstaining. Director THORME stated she felt that the services provided by the Management Services Agreement and Preserve Company should be bid out in order to ensure cost effectiveness for the District. Mr. ARTHUR requested the conversation be tabled and discussed at the January meeting, to which the Board agreed.

Next, Mr. ARTHUR presented a 12-year long range plan which included the projections held within the remaining two years of the current 5-year plan. The new 12-year long range plan included revenue and expenses projections along with Capital expense projections, with a primary emphasis on the results of the recently completed Pavement Management Study. The study indicated approximately \$19 million in

pavement repairs. Mr. ARTHUR also included a report indicating a projected need for capital water supply investments amounting to approximately \$4 million over the 12-year span. Discussion regarding the format of the 12-year plan and the estimated escalators for revenues and expenses occurred. The Board agreed to leave the current estimates with an escalator of 4% on both revenues and expenses. Mr. ARTHUR informed the Board this plan would be unveiled at a community meeting to be held on December 16, 2023.

Mr. ARTHUR then discussed with the Board the draft management letter provided by the auditors regarding the SLPCO audit. A question was asked in regard to the language in the draft letter regarding “management override of controls” as it appeared as new language. Staff replied that based upon feedback from the auditors, the new language within the letter was new and standard language with all clients. Ms. SANTRY asked if Preserve Company had overwritten the controls to which Ms. BAXTER stated negative.

Security Report. Mr. ARTHUR presented the Security Report and answered questions regarding the alarm responses and various reported events.

Business Matters. Mr. ARTHUR informed the Board that staff has been in negotiations with Monterey County Regional Fire District (MCRFD) in regard to the agreement for increased Fire/EMS coverage. After discussion, Mr. ARTHUR stated that periodically, the expanded coverage will occasionally be staffed by an advanced EMT, not a paramedic. Additionally, it was noted that the Preserve will not be a “Must Cover” station, meaning that if there were an emergency off site requiring mutual aid, the Fire District reserves the right to pull coverage for the larger event. Mr. ARTHUR also stated that the Preserve was developing a Staff Emergency Response Team (SERT) to support the program as needed.

Board Action. Mr. ARTHUR presented Resolution 23-13 to the Board to adopt the agreement between the District and Monterey County Regional Fire District for expanded coverage. After a brief discussion, a motion was made by Director THORME and seconded by Director SMYTHE followed by roll call and unanimous approval.

Mr. ARTHUR presented the Board with the 2024 meeting schedule of January 16, April 16, July 16 and November 19. The Board agreed to the dates as presented.

Next, Mr. ARTHUR presented Resolution 23-13 to the Board to declare the lowest qualifying bid was received by BOYDS ASPHALT SERVICES, in the amount of \$84,600, in response to the solicitations made in Bid 23-04 for AC Repair work at various locations within the District. It was noted that two additional bids were received from COASTAL PAVING AND GRADING for \$131,600 as well as DON CHAPIN COMPANY in the amount of \$124,550. A motion was made by Director THORME and seconded by Director WHITFIELD, with the Resolution passing unanimously after roll call.

Preserve Board Liaison Report Director WHITFIELD stated the Preserve Board will be meeting soon to have their quarterly meeting and are working on several key initiatives with an emphasis on delivering a long-range plan to the community and final negotiations with Monterey County regarding employee housing.

Conservancy Board Report Director SMYTHE updated the Board on the Conservancy, including recent control burns on property and how to manage communications more efficiently in the future.

Citizen's Advisory Committee Comments. None

Closed Session. At 11:25 P.M., a closed session of the Board was held to discuss employee appointment matters. At 11:40 P.M. the session concluded with no reportable action taken.

Adjournment. With no further business being brought before the Board, upon motion and second (SMYTHE/WHITFIELD), the meeting was adjourned at 11:48 p.m.