

SQUIRE CANYON COMMUNITY SERVICES DISTRICT

1 Squire Road, San Luis Obispo, California 93401

(805) 835-3163

www.squirecanyoncsd.com

AGENDA FOR REGULAR BOARD OF DIRECTORS MEETING

Tuesday, January 8, 2019, 7:30 PM

Avila Beach Community Center, 191 San Miguel Street, Avila Beach, California

1. CALL TO ORDER:

2. ROLL CALL:

Board Members

Steve Fiant, President

Mike Nunno, Vice President

Fernando Campos, Director

Keith Faleros, Director

Chris Johnson, Director

Staff

Brad Hagemann, GM

Oath of Office for New Directors Campos and Faleros

3. ANNOUNCEMENT OF CLOSED SESSION ITEM

A. Public Comment on closed session item

B. CONFERENCE WITH LEGAL COUNSEL PURSUANT TO GOVERNMENT CODE §54956.9(b):

Anticipated litigation - 1 case: Discussion of Nielsen issues. Consult with counsel

C. Return to open session and announcement regarding action taken if any.

Open Session will start at approximately 8:00 PM.

4. PUBLIC COMMENT:

Any member of the public may address the Board relating to any matter within the Board of Director's jurisdiction, provided that the matter is NOT on the Board's Agenda. Presentations are limited to three (3) minutes or otherwise at the discretion of the Board President. Please note that pursuant to the Brown Act, the Board of Directors can only act on those items specifically listed on the Agenda.

5. CONSENT ITEMS:

These items are approved with one motion. Directors may briefly discuss any item, or may pull any item, which is then added to the business agenda.

A. Approval of Minutes for October 2, 2018 Regular Meeting

B. Review and Approval of Warrant Register

C. Financial Report

6. **MANAGER'S REPORT:** GM has executed an agreement with the Avila Beach Civic Association to become a member of the Association. This membership allows the CSD for a significant discount (first hour free) for rental of the building for Board meetings.

7. **BUSINESS ITEMS:**

- A. **Road Repair and Maintenance:** Status Report on Repair and Maintenance Projects and Board Consideration of New Projects. Possible board action.
- B. **Speed Limit Signage Within the District Roads:** This item is continued from the October 2, 2018 Board of Directors Meeting. The Board will consider installing signage that provides a speed limit on District roads, with a warning that speeds in excess are dangerous as roads were not built or designed for speed other than that were posted. Possible board action.
- C. **Consider Special assessment and/or State or Federal financing to provide funding to make significant upgrades to the District Roads.** This item is continued from the October 2, 2018 Board meeting. GM Hagemann met with Al Correale from the Santa Maria office of USDA on December 7, 2018. Mr. Correale confirmed that federal low interest loans with terms up to 40 years are available through the USDA for road repair projects. The District would need to retain a professional engineering firm to prepare application forms, project bid documents (plans and specifications) and NEPA compliance documents for USDA staff review and approval. USDA staff would also need to review and approve the District's financial status to verify that the current assessment rate qualifies the District for the loan. The District would be required to pay for the up-front costs with a "bridge loan" until the project is completed and then the long-term USDA loan would be funded to pay off the bridge loan. Possible board action.

8. **DIRECTOR/MANAGER COMMENTS:** This is the time for introduction of any items that the Directors may wish to consider for the next meeting or to ask questions of staff.

9. **ADJOURNMENT**

The next regular meeting will be held on Tuesday, April 2, 2019, at 7:30 pm at the Avila Beach Community Center.

Squire Canyon Community Services District
Board of Directors
1 Squire Canyon
San Luis Obispo, CA 93401
(805) 227-6392
www.squirecanyoncsd.com

October 2, 2018 Regular Meeting Minutes

Please Note: The Board meets quarterly. It is the policy of the District to post draft minutes to our web site prior to the next Board Meeting to provide information regarding issues and decisions made. ****If you would like to have your copy of the agenda sent electronically (via email), please contact the District General Manager, Brad Hagemann at hagemann.associates@gmail.com and request to be added to the electronic distribution list.**

These Minutes are in draft form and subject to Board approval at their next meeting.

1. Call to Order: President Fiant called the meeting to order at 7:34 PM.

2. Roll Call: **Board Members present:** President Steve Fiant, Vice President Mike Nunno, Director Lehmer and Director Tim Tillman. Director Johnson was absent.

Staff present: Brad Hagemann, General Manager, Legal Counsel Mike Seitz attended the meeting via telephone

3. Announcement of Closed Session: Mr. Seitz announced the Board would go in to closed session and asked if there were any public comments on closed session, there were none. The Board returned from closed session at approximately 8:20 PM and reported that the Board of Directors gave instructions to legal counsel and provided input to the General Manager on a process for future General Manager performance reviews.

4. Public Comments: Mr. Richard Carter asked if Cal Fire had any funding available for providing a chipper and staff to help manage brush in the District. After some discussion, the Board requested GM Hagemann and Mr. Carter reach out to Cal Fire Battalion Chief Paul Lee to request assistance with a chipping project or some other fire prevention/management project in the District.

5. Consent Items:

- A. Approval of Minutes for July 10, 2018 Regular Board meeting
- B. Review and Approval of Warrant Register
- C. Financial Report

Financials: GM Hagemann reported that as of September 30, 2018, the District had \$6,749.76 in the checking account and \$86,385.04 in the savings account.

After an opportunity for public comment, Director Nunno moved to approve the consent agenda, Board member Fiant seconded and motion carried unanimously 4-0.

6. Manager's Report: GM Hagemann noted that he had filed the biennial Conflict of Interest Code Review with the County Clerk's office after confirming with legal counsel that no changes were needed.

7. Business Items:

- A. **Road Repair/Maintenance Items:** The Board discussed the proposed repair work on Indian Knob Road as presented in a proposal from Hayward Construction Company. After Board discussion and an opportunity for public comment President Fiant made a motion to retain Hayward Construction for an amount not to exceed \$10,000 for completion of the work; Director Nunno seconded and the motion

carried 4-0. The Board also discussed future road work on Squire Canyon Road but tabled that item for a future meeting.

- B. Speed Limit Signage Within the District Roads:** The Board wanted to discuss the pros and cons of installing speed limit signs within the District boundaries. After extensive Board discussion and public comment, the Board deferred making a decision on this topic to a future meeting in 2019.
- C. Consider Special Assessment and/or Consider Seeking State Federal Financing to Provide Significant Upgrades to District Roads:** The Board discussed the pros and cons and options for putting together a major road improvement project and the possibility of seeking State or Federal low interest loans to pay for the project. GM Hagemann stated the US Department of Agriculture does have a low interest loan program available to small communities with relatively low interest rates a 30 or 40 year pay back periods. However, these types of loans do require a considerable amount of paperwork and compliance with the federal NEPA requirements. Depending on the cost of the project, assessments for District members would likely increase. The Board to no formal action on this issue.
- D. District Code:** Board members deferred this item to the January or April 2019 Board meeting to provide an opportunity for the new Board members to review the District Code and provide any comments.
- E. Meeting Dates and Location for 2019 Board Meetings:** The Directors agreed to keep the quarterly meetings at 7:30 PM on the First Tuesday of January, April, July and October (except if the first Tuesday falls on a holiday). The 2019 Regular Meeting dates are: January 8, April 2, July 2 and October 1. The Board directed Hagemann to reach out to the area PG&E representative to request if the meetings could be held at the Ontario Road PG&E Information Center. If that facility was not available the Board would continue to meet at the Avila Community Center until further notice.
- F. Board of Director Vacancies:** GM Hagemann noted that no one filed an application for the two soon to be vacant positions (Director Lehmer and Director Tillman) on the Board. The County Board of Supervisors will appoint directors at the recommendation of the Directors. Mr. Fernando Campos has expressed an interest in joining the Board of Directors. After discussion and opportunity for public comment, Vice President Nunno made a motion to recommend the Board of Supervisors appoint Mr. Campos to the Board; Director Lehmer seconded and the motion carried 4-0. President Fiant stated that he had spoken with Mr. Keith Faleros regarding the joining the Board of Directors. Mr. Faleros was not in attendance at the meeting, but the Directors concurred that if Mr. Faleros was willing and able to serve the Directors recommend that he be appointed to the Board. President Fiant agreed to follow-up and confirm Mr. Faleros's interest in serving.

8. Director Comments: No additional comments

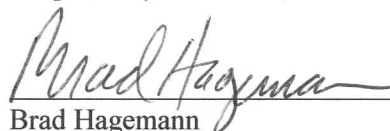
Adjourn

There being no further business, the meeting was adjourned at 9:15 PM. The next regular meeting of the Squire Canyon Community Services District will be held on Tuesday January 8, 2019, at 7:30 PM at the Avila Beach Community Center, 191 San Miguel Street, Avila Beach, CA or at the PG&E Ontario Road Information Center.

APPROVED AS TO FORM:

Steve Fiant
President, Board of Directors
Squire Canyon Community Services District

Respectfully submitted,


Brad Hagemann
General Manager/Secretary

Squire Canyon Community Services District
Warrant Register-Checking
October 1, 2018 through January 8, 2019

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Credit</u>
1000 · Cash Summary				
1004 · Checking-Heritage Oaks				
11/27/2018	795	Hayward Construction	Invoice/proposal 11/20/18 I...	10,000.00
01/03/2019	798	Hagemann and Associates	General Mgr Oct - Dec 201...	1,600.00
01/08/2019	796	Shipsey & Seitz	Statement # 109659 11/30/...	5,104.00
01/08/2019	797	CSDA	ID: 2542 2019 membership	177.00
Total 1004 · Checking-Heritage Oaks				16,881.00
Total 1000 · Cash Summary				16,881.00
TOTAL				16,881.00

Squire Canyon Community Services District
Balance Sheet by Class
As of January 8, 2019

	1-ZONE 1, INDIAN KNOB	2-ZONE 2, SQUIRE CANYON	3-ZONE 3, ADMINISTRATIVE	TOTAL
ASSETS				
Current Assets				
Checking/Savings				
1000 · Cash Summary				
1004 · Checking-Heritage Oaks	14,065.04	-3,277.04	-919.24	9,868.76
1005 · Savings-Heritage Oaks	-11,895.15	18,491.89	79,356.47	85,953.21
Total 1000 · Cash Summary	2,169.89	15,214.85	78,437.23	95,821.97
Total Checking/Savings	2,169.89	15,214.85	78,437.23	95,821.97
Total Current Assets	2,169.89	15,214.85	78,437.23	95,821.97
TOTAL ASSETS	2,169.89	15,214.85	78,437.23	95,821.97
LIABILITIES & EQUITY				
Equity				
3000 · Opening Balance Equity	13,582.35	14,714.19	10,390.40	38,686.94
3200 · Retained Earnings	40,582.78	48,515.60	-29,997.23	59,101.15
Net Income	-2,770.99	7,815.16	-7,010.29	-1,966.12
Total Equity	51,394.14	71,044.95	-26,617.12	95,821.97
TOTAL LIABILITIES & EQUITY	51,394.14	71,044.95	-26,617.12	95,821.97
UNBALANCED CLASSES	-49,224.25	-55,830.10	105,054.35	-0.00

Squire Canyon Community Services District **Income & Expenditures**

October 1, 2018 through January 8, 2019

	1-ZONE 1, INDIAN KNOB	2-ZONE 2, SQUIRE CANY...	3-ZONE 3, ADMINISTRAT...	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income Summary				
4001 · Assessments Collected	7,229.01	7,815.16	4,493.71	19,537.88
4005 · Interest Income	0.00	0.00	22.50	22.50
Total 4000 · Income Summary	7,229.01	7,815.16	4,516.21	19,560.38
Total Income	7,229.01	7,815.16	4,516.21	19,560.38
Expense				
5000 · Administrative Overhead				
5003 · CSDA	0.00	0.00	177.00	177.00
5017 · Miscellaneous Overheads	0.00	0.00	100.00	100.00
5030 · Professional Fees				
5030.03 · Legal Services	0.00	0.00	5,104.00	5,104.00
5030.04 · Management	0.00	0.00	1,500.00	1,500.00
Total 5030 · Professional Fees	0.00	0.00	6,604.00	6,604.00
Total 5000 · Administrative Overh...	0.00	0.00	6,881.00	6,881.00
5500 · Road Repair & Maintenance				
Total Expense	10,000.00	0.00	0.00	10,000.00
Net Ordinary Income	10,000.00	0.00	6,881.00	16,881.00
Net Income	-2,770.99	7,815.16	-2,364.79	2,679.38
	-2,770.99	7,815.16	-2,364.79	2,679.38



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA *Auditor-Controller • Treasurer-Tax Collector*

James W. Hamilton, CPA *Assistant Auditor-Controller • Treasurer-Tax Collector*

October 17, 2018

Squire Canyon Community Services District
Steve Fiant, President
1 Squire Canyon Road
San Luis Obispo, CA 93401

Dear Mr. Fiant:

As most of you know I will be leaving the Office of the San Luis Obispo County Auditor-Controller-Treasurer-Tax Collector at the end of this calendar year. My assistant ACTTC, James Hamilton, has been elected to the position and will provide for a smooth and structured transition. I am sorry I did not get to know more of you, but the time has passed so quickly.

Recently there has been some discussion in the news about a small agency's possible lack of oversight regarding its financial affairs. I was reminded about how vulnerable small organizations can be since a distinct separation of duties is not always possible. I want to remind everyone about the need for adequate internal controls and to provide some useful ideas in the form of a checklist. This letter is meant for Special Districts and Joint Powers Authorities who provide services in the County of San Luis Obispo. Please share this letter with other Board members and any appropriate staff.

The Board of Directors, general managers, and staff throughout an agency are responsible for establishing a system of controls called internal controls. Internal controls are the mechanisms, rules and procedures implemented to ensure the integrity of financial and accounting information, promote accountability and prevent fraud. While an independent audit may identify errors or irregularities, the existence of effective internal controls serves to prevent them in the first place.

I have included a checklist which provides a starting point for managers to assess the internal control system within their agency. Management should review the checklist and inquire with staff as needed in answering the questions. "No" answers should have a documented discussion as to why the requirement does not apply or cannot be met. "Yes" answers should include a description of the procedures in place to satisfy this requirement. This checklist should be updated every year and presented to the Board of Directors. Independent auditors are required to evaluate and test compliance with internal controls and can be a valuable resource to management and Boards with guidance on implementing and evaluating internal controls appropriate to the agency. I know your auditors will appreciate you going through this exercise.

We know some of the items in the checklist may be difficult to follow in agencies with limited staff. Internal controls require a commitment of time and resources but are an integral part of an agency operating effectively. In addition, some of the policies the County has adopted may be applicable to your agency. You are welcome

to use any of the County's policies, such as purchasing, cash handling, and travel. We will provide you a copy if requested.

Some Districts and Joint Powers Authorities keep their funds in the County Treasury. In these cases, the County operates as a bank for the agency, accepting deposits and making disbursements when authorized by the agency. Those Districts and Joint Powers Authorities may opt to use the County's accounting system as their system of record for financial transactions. Access to the County's accounting system allows an entity to have real-time financial information including balance sheet (cash, liabilities, and equity), revenue and expenditure details, cost accounting and budgetary reports. The County Auditor-Controller-Treasurer-Tax Collector's (ACTTC) accounts payable division reviews all Authorization to Draw Warrants (request for vendor payment) for authority to pay. This process does not include a review of vendor invoices, contracts, support for travel claims, payroll calculations, or Board meeting minutes to process a payment request. To validate an authorization for payment we verify that individuals approving the payment request appear on the authorized signers list provided by the agency; two signatures are always required.

The ACTTC's Internal Audit Division tracks and reviews the audited financial statements of all districts within the County. If the audited financial statements have any reportable condition(s), we will bring them to the attention of the Board Chairperson either by a phone call (if minor) or by a formal letter if the reportable condition is more serious in nature. It is imperative that annual audits are performed in a timely manner to provide any benefit to the agency. State law (CGC 26909) requires that a financial audit is performed within 12 months after the end of the reporting period. In my opinion, there are very few reasons why the audit cannot be completed within 6 months after the end of the reporting period. If a District's required audit has not been completed within 12 months past the end of the reporting period (some special districts may be on a County Board of Supervisor approved two or five-year audit cycle), my office can set aside, from the agency's funds, an amount equal to the prior period audit fees. I have the authority to hire and pay an auditor of my choice to perform the audit. If you find yourself in a situation where the audit is not performed in a timely manner, please contact my office as soon as possible.

The Auditor-Controller-Treasurer-Tax Collector's staff is available to provide guidance if needed. Do not hesitate to contact us. Jim Hamilton's phone number is 805-781-5043 (jhamilton@co.slo.ca.us) and mine is 805-788-2964 (jerb@co.slo.ca.us), we can both be reached through County e-mail as well. Thank you for the services you provide to our community. The efforts of all of us blend together to help make San Luis Obispo County an amazing place to live.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. P. Erb', is written over the printed name.

James P. Erb, CPA

Auditor-Controller-Treasurer-Tax Collector



COUNTY OF SAN LUIS OBISPO OFFICE OF THE CLERK-RECORDER

Tommy Gong - County Clerk Recorder

Elaina Cano - Assistant County Clerk Recorder

December 5, 2018

Dear District Secretary:

Enclosed are the Certificates of Election and Oaths of Office for the officials from your district who were elected, appointed in lieu of election, or appointed by the Board of Supervisors for the Consolidated General Election on November 6, 2018.

Each official must take his/her oath before you, a Notary Public or a deputy in our office before he or she can assume the duties of his/her office.

After the Oath of Office has been taken, please return a copy to our office. The parchment copy is for the official and one copy is for your records.

The Statement of Vote pages pertaining to those contests that went to election are posted on our website.

NOTE: IF you have directors leaving office and/or assuming office, remember that those directors must file an Assuming Office or Leaving Office Statement within 30 days of leaving or taking office. Also, please complete a Statement of Facts – Roster of Public Agencies Filing form as needed to reflect any changes to your governing board, including Chairman/President/Presiding Officer, Secretary/Clerk, or members/directors.

If you have any questions, please contact our office at 805-781-5144.

Thank you,

Elaina Cano
Assistant County Clerk-Recorder