

**EMERALD BAY SERVICE DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING
Wednesday, March 28, 2018**

PRESENT: John Marconi, President
John McDermott, Vice President
James Flynn, Treasurer
Susan Thomas, Secretary
Philip deCarion, Director

ALSO PRESENT: Michael Dunbar, General Manager
Allison Burns, Attorney, Stradling Yocca Carlson & Rauth
Jill Chambers, EBCA Director of Architecture and Compliance
Cisco Farias, Director of Maintenance
Susan Olmstead-Bowen, Director of Finance
Cathy Lovitt, Recording Secretary, Member Services Administrator

CALL TO ORDER and PLEDGE OF ALLEGIANCE

The meeting was called to order at 5:30 p.m. by President John Marconi and the pledge of allegiance was recited.

CERTIFICATION OF POSTING

Recording Secretary, Cathy Lovitt, stated the agenda for this meeting was posted on the community bulletin board, at the Main Gate Guardhouse, on the District's website and the media was notified by 5:00 p.m. on Friday, March 23, 2018.

PUBLIC COMMENT

None

MINUTES

The Board discussed the minutes of the Regular Meeting of the Board of Directors of February 21, 2018 and the minutes were approved as written.

John McDermott made a motion to approve the minutes as written. The motion was seconded by Susan Thomas and passed unanimously.

REVIEW OF FINANCIAL MATTERS

The Board discussed the financial reports as presented

DEPOSITS

Total deposits for February were \$3,704.83.

INVOICES FOR PAYMENT

Invoices for payment totaled \$321,043.00 for the period ending March 20, 2018.

James Flynn made a motion to approve the invoices for payment for the period ending March 20, 2018 totaling \$321,043.00. The motion was seconded by Susan Thomas and unanimously approved.

ACTION ITEMS

1. Approve Mid-Year Budget Adjustments for Fiscal Year 2017/18. Michael Dunbar reported that the District has conducted a mid-year budget review with adjustments during the last several years to allow both the staff and Board to have better knowledge of where the funds are being spent. The Finance Committee spent extensive time to finalize the mid-year budget adjustments for Fiscal Year 2017/2018.

John McDermott made a motion to approve the mid-year budget adjustments for Fiscal Year 2017/2018. The motion was seconded by Susan Thomas and unanimously approved.

2. A Consideration for One-time Funding for Orange County Sheriff Services (for July 4) in the Amount of \$30,000 and One-time Funding for Pool Lifeguard Services in the Amount of \$75,000 of Which \$37,500 Will be Included in the Fiscal Year 2018/19 Budget. Michael Dunbar reported that the Emerald Bay Community Association had requested funding pursuant to the District's law enforcement powers, as authorized by the Local Agency Formation Commission, to fund a portion of the Orange County Sheriff contract in the amount of \$30,000. These services are used for security during the July 4th Celebration. The Emerald Bay Community Association also asked the District, pursuant to the District's recreation and safety powers, as authorized by the Local Agency Formation Commission, to fund additional lifeguard services in the amount of \$75,000. These are one-time requests from the Community Association, but may be reviewed annually. \$37,500 of the lifeguard funding is included in the previously approved mid-year budget adjustment. The remaining \$37,500 for lifeguards and the \$30,000 for the July 4th Sheriff contract will be included in the Fiscal Year 2018/2019 budget.

John McDermott made a motion to approve one-time funding for the Orange County Sheriff July 4th Security Contract in the amount of \$30,000 pursuant to the District's law enforcement powers, as authorized by the Local Agency Formation Commission and one-time funding for pool lifeguard services in the amount of \$75,000 pursuant to the District's recreation and safety powers, as authorized by the Local Agency Formation Commission. The motion was seconded by James Flynn and unanimously approved.

3. Authorize the President or His Representative to Cast the District's Vote in the Orange County Special District Selection Committee Election. Michael Dunbar reported that the District is one of twenty-seven members of the Independent Special Districts of Orange County or ISDOC. ISDOC holds two seats on the Orange County Local Agency Formation Commission, or LAFCO. One of the regular special district member and the alternate special district member seats expire June 30, 2018. Staff is recommending that President John Marconi, as designated member, and Vice President John McDermott, as alternate, be authorized by the Board as the District's representative. The Board directed direct staff to submit the Declaration of Qualification to Vote form to LAFCO.

John McDermott made a motion to authorize the President or his representative to cast the District's Vote. The motion was seconded by James Flynn and unanimously approved.

4. Authorize the General Manager to Enter into a Contract with OC Lifeguards for Lifeguarding Services in an Amount Not-to-exceed \$123,460. Michael Dunbar reported that OC Lifeguards has submitted a proposal totaling \$123,460 for 2018, a 3% increase from last year attributed to increases in insurance premiums and employer costs.

James Flynn made a motion to authorize the General Manager to enter into a contract with OC Lifeguards pursuant to the District's recreation and safety powers, as authorized by the Local Agency Formation Commission, for \$123,460. The motion was seconded by Susan Thomas and unanimously approved.

5. Authorize the General Manager to enter into a contract with Pyro Spectaculars, Inc. for the July 4 Fireworks Display in an Amount Not-to-exceed \$39,500. Michael Dunbar informed the Board that Pyro Spectaculars has submitted a proposal to provide the identical fireworks program as last year, with an increase in the quantity of fireworks to over 1,500 from 1,400 for 2018. There is a slight increase in costs due to increased costs to manufacture fireworks over the years. The fee for the July 4th Celebration of fireworks of \$39,500 does not include the estimated permit fees from the Orange County Fire Authority (OCFA) of \$2,050.

Susan Thomas made a motion to authorize the General Manager to enter into a contract with Pyro Spectaculars for \$39,500, pursuant to the District's recreation and safety powers, as authorized by the Local Area Formation Commission. The motion was seconded by James Flynn and unanimously approved.

6. Authorize the General Manager to Enter into a Contract with Pacific Tugboat Service for Barge Services for the July 4 Fireworks Display in an Amount Not-to-exceed \$25,420. Michael Dunbar informed the Board that Pacific Tugboat Services submitted their annual proposal of \$25,420, a 5% increase of \$1,210 over the charge last year. The tugboat is contracted annually to coordinate with Pyro Spectaculars, Inc. to stage the fireworks during the July 4th Celebration fireworks show.

John McDermott made a motion to authorize the General Manager to enter into a contract with Pacific Tugboat Services for \$25,420, pursuant to the District's recreation and safety powers, as authorized by the Local Area Formation Commission. The motion was seconded by James Flynn and unanimously approved.

7. Adopt Resolution No. 18-03-28-01 Authorizing the Transfer of Funds for the Local Agency Investment Fund (LAIF). Michael Dunbar reported that the Service District is a member of the Local Agency Investment Fund (LAIF) and invests the majority of its investment funds with LAIF. LAIF requires a resolution for the Authorization for the Transfer of Funds with each change of Board Members. In discussions Mr. Dunbar had with LAIF representatives, the General Manager needs to be on the resolution along with the President and Vice President, in order to be a signatory to transfer funds to the District's Bank of America account.

John McDermott made a motion to adopt Resolution No. 18-03-28-01 Authorizing the Transfer of funds for LAIF. The motion was seconded by James Flynn and unanimously approved.

8. Approve the Proposal from Vavrinek, Trine, Day & Co., LLP for Auditing Services for the Fiscal Year 2017/18 in the Amount of \$16,500. Michael Dunbar reported that the Service District conducts an annual audit of its revenues and expenditures on a fiscal year basis. These professional auditing services have been performed by Fechter & Company for the past six fiscal years. In order to comply with best practices and on the advice of the District's Attorney, Allison Burns, the District sent out an RFP to nine different audit firms. Vavrinek, Trine, Day & Co. submitted a contract for a fee not-to-exceed \$16,500 each year for the following two fiscal years.

James Flynn made a motion to approve the proposal from Vavrinek, Trine, Day & Co., LLP. The motion was seconded by Susan Thomas and unanimously approved.

OLD BUSINESS

1. Storm Water Run-off. Michael Dunbar reported that Security has been doing an excellent job in reporting water run-off incidents and that we are able to check water consumption by the hour and able to pinpoint leaks. These reports are sent to the Orange County Flood Control district monthly.

NEW BUSINESS

Nothing to report.

CORRESPONDENCE

1. Letter from East Orange County Water District on Director Doug Davert for Special District Representative to the Orange County Local Agency Formation Commission (LAFCO). The Board directed Michael Dunbar to refrain from voting at this time.

2. Letter from Moulton Niguel Water District on Director Duane Cave for Special District Representative to the Orange County Local Agency Formation Commission (LAFCO). The Board directed Michael Dunbar to refrain from voting at this time.

BOARD REPORTS

Treasurer Report. Nothing to report.

General Manager's Report. Michael Dunbar reported his February 2018 activities to the Board of Directors.

DIRECTOR'S COMMENTS

Ad Hoc Report – Michael Dunbar reported that he, John Fox, Jim Waddell and Fire Chief Adams met to discuss the current lease of the Emerald Bay Fire Station, which is now on an annual basis. A committee was appointed comprising of John Marconi and John McDermott with Susan Thomas as an alternate to work with the Orange County Fire Authority to recruit and train additional volunteer firemen.

CLOSED SESSION

Under provisions of Government Code Section 54956.9(d) (2), the Board entered closed session at 6:25 p.m. to discuss the items listed on the agenda:

1. Conference with Legal Counsel – Existing Litigation: Pursuant to Government Code Section 54956.9 – South Orange County Wastewater Authority et al v. Moulton Niguel Water District, OCSC Case No. 30-2017-00923143.
2. Conference with Legal Counsel – Anticipated Litigation: Pursuant to Government Code Section 54956.9 (d) (2) – two potential cases.

OPEN SESSION

At 6:55 p.m. the Board returned to open session. No reportable actions were taken in closed session.

LEGAL COUNSEL’S REPORT

General Counsel Allison Burns reported on various matters that she has been working on with the General Manger, Michael Dunbar.

The next regularly scheduled meeting on Wednesday, April 18, 2018 at 5:30 p.m.

ADJOURNMENT

The meeting was adjourned at 6:55 p.m.



John Marconi, President



Cathy Lovitt, Recording Secretary