

EMERALD BAY SERVICE DISTRICT
REGULAR BOARD OF DIRECTORS MEETING
Wednesday, June 20, 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.

President Marconi thanked all of the Board members for their energy, effort and dedication to the Board.

CERTIFICATION OF POSTING

Cathy Lovitt, Recording Secretary, 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 June 15, 2018.

PUBLIC COMMENT

None

MINUTES

The Board discussed the minutes of the Special Meeting of the Board of Directors of May 21, 2018 and approved the minutes as written.

Susan Thomas made a motion to approve the minutes as written. The motion was seconded by Philip deCarion passed unanimously.

REVIEW OF FINANCIAL MATTERS

The Board discussed the financial reports as presented. President Marconi thanked Michael Dunbar and Susan Olmstead-Bowen for all of their hard work and efforts in creating the budget for fiscal year 2018/2019 and previous years as well.

DEPOSITS

Total deposits for April were \$45,934.04. The final payment for property taxes is expected in July 2018.

INVOICES FOR PAYMENT

Invoices for payment totaled \$274,827.44 for the period ending June 14, 2018.

James Flynn made a motion to approve the invoices for payment for the period ending June 14, 2018 totaling \$274,827.44. The motion was seconded by Philip deCarion and unanimously approved.

ACTION ITEMS

1. Adopt Resolution 18-06-20-01 Establishing an Amended Appropriations Limit for Fiscal Year 2018/19. Susan Olmstead-Bowen reported that the District is required each year to determine its appropriations limit, known as the Gann Limit. This is based on several factors and determined through a series of calculations. Staff recommended that the Board of Directors approve and adopt Resolution No. 18-06-20-01, Establishing an Amended Appropriations Limit for Fiscal Year 2018/2019 using the revised calculation sheet Susan Olmstead-Bowen distributed to the Board.

John McDermott made a motion to approve and adopt Resolution 18-06-20-01 Establishing an Amended Appropriations Limit for the Fiscal Year 2018/2019 amending the resolution to include the revised calculation sheet. The motion was seconded by Susan Thomas unanimously approved.

A Roll Call was taken and the Directors' votes were recorded as follows:

President Marconi – yea
Vice President McDermott – yea
Treasurer Flynn – yea
Secretary Thomas - yea
Director deCarion - yea

2. Public Hearing: Review Proposed Annual Fiscal Year 2018/2019; Adopt Resolution 18-06-20-02 ADOPTING A BUDGET AND APPROVING INITIAL APPROPRIATIONS FOR THE FISCAL YEAR JULY 1, 2018 THROUGH JUNE 30, 2019. President Marconi opened a Public Hearing for discussion related to the Fiscal Year 2018-2019 budget and adoption of Resolution 18-06-20-02 Adopting a Budget and Approving Initial Appropriations for the Fiscal Year July 1, 2018 through June 30, 2019 at 5:32 p.m. There was no public comment and the hearing was closed at 5:51 p.m.

John McDermott made a motion to adopt Resolution 18-06-20-02 Adopting a Budget and Approving the Initial Appropriations for the Fiscal Year July 1, 2018 through June 30, 2019. The motion was seconded by Susan Thomas and unanimously approved.

Roll Call was taken and the Directors' votes were recorded as follows:

President Marconi – yea
Vice President McDermott – yea
Treasurer Flynn – yea
Secretary Thomas - yea
Director deCarion - yea

3. Approve the Reimbursement Agreement with the owners of #12/#20/#22 Emerald Bay. The Service District is responsible for the potable water system for the Emerald Bay community and contracts to the Laguna Beach Water District for the billing, operation and maintenance of the water pipeline system. This includes the fire hydrants and capital improvements. Three properties are in development, #12, #20 and #22; they require a new water service because the existing service could be improved. Staff has been in discussion with each of the property owners. The proposal is to construct a new 8-inch water pipeline and fire hydrant. The District's involvement is the new fire hydrant and each property owner would be responsible for bringing their dedicated water service pipeline to their property. Each property owner would then connect to the District's pipeline and pay their shared costs. Staff has been directed to document in detail why the topography of the location of the meter is so costly. Staff will get bids for the waterline and fire hydrant and will present these costs to the Board at the July meeting.

John McDermott made a motion to authorize the General Manager to enter into a Reimbursement Agreement with the owners of #12/#20/#22 of Emerald Bay. The motion was seconded by James Flynn and unanimously approved.

4. Authorize release of retention funds to Pacific Hydrotech Corporation for the Main Gate Safety Improvement Project in the approximate amount of \$25,000. Michael Dunbar reported that the District entered into a contract with Pacific Hydrotech Corporation for the construction of the Main Gate Safety Improvement Project beginning March 2016 and completing January 2018. As part of the contract, the District retained 5% of each progress payment as security that the contractor would complete the project and the funds were deposited into an escrow account at Pacific Western Bank. The escrow funds were released to the contractor, except for \$25,000 which was retained due to the backordering of special lights for the various islands at the Main Gate. The lights have been purchased and installed by the electrical subcontractor and that work has been completed. The Board directed Michael Dunbar to request a sign-off from the Association prior to contacting Pacific Western Bank to release the retention funds.

Susan Thomas made a motion to authorize the General Manager to notify Pacific Western Bank for the release of the \$25,000 with interest to Pacific Hydrotech Corporation subject to checking with EBCA's sign-off. The motion was seconded by James Flynn and unanimously approved.

5. Approve the Second Amendment to the Professional Services Agreement with Susan Olmstead-Bowen in an amount not-to-exceed \$40,000. Michael Dunbar reported that he, John Marconi and James Flynn have worked very closely together and that Susan Olmstead-Bowen has been crucial in the development of the budget for the Service District for the last four years. Ms. Olmstead-Bowen also reported that she also contracts with Brenda Manriquez, CPA who works approximately four (4) hours a month on District's financial statements.

James Flynn made a motion to approve the Professional Services Agreement by and between the Emerald Bay Service District and Susan Olmstead-Bowen, CPA for an amount not-to-exceed \$40,000. The motion was seconded by Philip deCarion and unanimously approved.

OLD BUSINESS

1. Storm Water Run-off. Michael Dunbar reported that the majority of residents are very responsive to notices they may receive regarding excess water run-off on their property.

NEW BUSINESS

CORRESPONDENCE

1. Designation of Agency Representative and Consent to Electronic Transmissions. Michael Dunbar reported that the California Association of Sanitation Agencies (CASA) is in the process of obtaining each member's consent to transmit official communications electronically rather than by regular mail. Mr. Dunbar explained that an authorization form needs to be completed and returned to CASA. President Marconi gave Michael Dunbar direction to complete the authorization to receive correspondence via email.

BOARD REPORTS

General Manager's Report. Michael Dunbar reported his May 2018 activities to the Board of Directors. Mr. Dunbar also reported that the 8th Amendment to the Management Services Agreement was reviewed by himself, Susan Thomas and Allison Burns. There were two notable changes to the agreement, one being Jim Waddell's vehicle and secondly the additional \$1,500 budgeted for maintenance personnel for work along Pacific Coast Highway. It will next be given to the Association to review and will be presented at the July Board meeting.

AD HOC REPORTS

None

STRATEGIC PLANNING COMMITTEE REPORT

CLOSED SESSION

Under provisions of Government Code Section 54956.9(d) (2), the Board entered closed session at 6:30 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 7:15p.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 Manager, Michael Dunbar.


The next regularly scheduled meeting on Wednesday, July 18, 2018 will be cancelled due to directors' unavailability. A Special Meeting of the Service District has been scheduled for Thursday, July 19, 2018 at 5:30 p.m.

ADJOURNMENT

The meeting was adjourned at 7:15 p.m.



John Marconi, President



Cathy Lovitt, Recording Secretary