

**Los Osos Community Services District  
DRAFT Minutes of the Special Meeting of June 15, 2017**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/SILENT OBSERVANCE/ROLL CALL</b></p>	<p>President Storm called the meeting to order at 7:00 p.m. and led the flag salute.</p> <p>Roll Call:            Charles L. Cesena, Director – Present            Marshall E. Ochylski, Director – Present            Louis G. Tornatzky, Director – Present            Vicki L. Milledge, Vice President – Absent            Jon-Erik G. Storm, President – Present</p> <p>The following Staff were present:            Renee Osborne, General Manager            Roy Hanley, District Legal Counsel            Rob Miller, District Engineer            Ann Kudart, Administrative Services Manager</p>
<p><b>2. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b></p>	<p>Mary Lucey, Patti Welsh, and Nancy McNeil supported the removal of Jeff Edwards and Julie Tacker from all District committees.</p> <p>Lynette Tornatzky commented on Mr. Edwards' inappropriate behavior at past committee meetings.</p> <p>Linde Owen opposed the removal of Mr. Edwards and Ms. Tacker from their committees.</p>
<p><b>3. PUBLIC HEARING</b>  <b>A. Public Hearing to Consider and Tabulate Written Protests from Water Customers and Property Owners Within the District's Water Service Area Regarding Proposed Water Rates</b></p>	<p>Legal Counsel Hanley stated that as there are 2785 connections, a successful protest will need 1393 protest votes.</p> <p>District Engineer Rob Miller provided a PowerPoint presentation and discussed water sale trends and previous predications; revenue loss from reduced sales; the impact to revenue when the schools convert to recycled water; potential revenue reductions from changes in property tax allocations; reporting that the increase is to meet operation, maintenance, and capital replacement expenses for provide water service within the District's water service area.</p> <p>President Storm opened the public hearing for testimony to consider all objections or protests regarding the proposed water rates.</p> <p>Public Comment – Gretchen Clarke commented on her concerns for the aquifer and supported the rate increase.</p> <p>Tony Lam commented on customers in the lower tiers getting hit hardest.</p> <p>Linda Trahey commented on her confusion when referencing water usage in terms of ccf, gallons, and units; and concerns with the rate structure for lower users.</p> <p>Yael Korin questioned the costs when going from one tier to the next higher tier.</p> <p>Linde Owen handed in 12 additional protests; she opposed private wells not having to pay for their water usage.</p> <p>Richard Margetson reported that the 80% Admin allocation was what the rate study group used to develop rate structure however the budget shows a possible 86.5%.</p> <p>Julie Tacker voiced her support for the rate increase and questioned the additional 35 connections as reported by Legal Counsel.</p> <p>Speaker Natasha thanked the rate study group for volunteering their time; questioned how the District's fixed rates compare to other areas; why the District does not offer low income assistance; and when does the District plan to complete the capital projects.</p> <p>Speaker Steve commented on the high costs from the sewer and now increases to the water rates.</p> <p>President Storm closed the public hearing and Legal Counsel Hanley reported that 226 protests have been received.</p>

AGENDA ITEM	DISCUSSION
<p><b>3. PUBLIC HEARING</b> A. Public Hearing Regarding Proposed Water Rates (continue)</p>	<p>A motion was made by Director Cesena that the Board adopt Resolution 2017-14 approving a water rate increase which will become effective according to law. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p><b>Ayes:</b> Directors Cesena, Tornatzky, Ochylski, Storm <b>Nays:</b> None <b>Abstain:</b> None <b>Absent:</b> Milledge</p>
<p><b>3. PUBLIC HEARING</b> B. Public Hearing to Adopt Proposed Fiscal Year 2017/2018 Budget</p>	<p>President Storm called for a short break then reconvened the meeting.</p> <p>General Manager Osborne reviewed the proposed 2017/2018 budget summary with negative fund balances in Bayridge, Wastewater, and Drainage; reported that 2015/2016 audit shows \$314,000 in the Drainage reserve that could be used to pay for operations and training in Drainage.</p> <p>President Storm opened the public hearing to consider testimony regarding adoption of the Proposed 2017/2018 Draft Fiscal Budget.</p> <p>Julie Tacker commented on the overtime in Admin; a \$5,000 fund balance in Admin that should be zeroed out; disagreed with the Organizational Chart as submitted; commented on divesting Bayridge and Vista; opposed taking reserve funds from Drainage to pay for operations; and that Wastewater should pay for itself.</p> <p>Richard Margetson commented on discrepancies throughout the budget; budget should go back to the committees for review; and that the Board has a fiduciary responsibility to develop a budget, develop resources of revenue, and make sure the budget is adhered to and monies are spent appropriately.</p> <p>Seeing no other speakers, President Storm closed the public hearing.</p> <p>The Board discussed the negative fund balances in Bayridge and Drainage; reserve balances; directed the budget go back through committees for additional review and recommendations to the Board ; and that the hearing be continued until the next regular meeting of the Board on July 6, 2017.</p> <p>A motion was made by Director Cesena to adopt Resolution 2017-15 adopting the Fiscal Year 2016/2017 Continuing Budget until a Fiscal Year 2017/2018 Budget is adopted on or before September 1, 2017, as required by law. The motion was seconded by Director Ochylski and carried with the following vote:</p> <p><b>Ayes:</b> Directors Cesena, Ochylski, Tornatzky <b>Nays:</b> Storm <b>Abstain:</b> None <b>Absent:</b> Milledge</p>
<p><b>4. CONSENT CALENDAR</b> A. Adopt Resolution Establishing Appropriation Limit for Fiscal Year 2017/2018</p>	<p>Public Comment - None</p> <p>A motion was made by Director Cesena that the Board adopt Resolution 2017-16 establishing the District's appropriation limit of \$8,825,379 for Fiscal Year 2017/2018. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p><b>Ayes:</b> Directors Cesena, Tornatzky, Ochylski, Storm <b>Nays:</b> None <b>Abstain:</b> None <b>Absent:</b> Milledge</p>
<p><b>ADJOURNMENT</b></p>	<p>The meeting adjourned at 8:34 p.m</p>