



January 27, 2018

TO: LOCSO Board of Directors
FROM: Ann Kudart, Administrative Services Manager
SUBJECT: **Agenda Item 11B – 2/1/2018 Board Meeting**
Approve Prior Meeting Minutes

President

Vicki L. Milledge

Vice President

Marshall E. Ochylski

Directors

Charles L. Cesena

Jon-Erik G. Storm

Louis G. Tornatzky

General Manager

Renee Osborne

District Accountant

Robert Stilts, CPA

Unit Chief

Scott M. Jalbert

Battalion Chief

Greg Alex

DESCRIPTION

Attached are minutes from your Board's Regular Meeting held January 18, 2018 for your approval.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board approve the minutes of the January 18, 2018.

Attachment

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**Los Osos Community Services District
DRAFT Minutes of the Regular Meeting of January 18, 2018**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/SILENT OBSERVANCE/ROLL CALL</p>	<p>President Storm called the meeting to order at 6:00 p.m. and led the flag salute.</p> <p>Roll Call: Charles Cesena, Director – Present Marshall Ochylski, Director – Arrived 6:01 p.m. Louis Tornatzky, Director – Present Vicki Milledge, Vice President – Present Jon-Erik Storm, President – Present</p> <p>The following Staff were present: Renee Osborne, General Manager Roy Hanley, District Counsel David Fleishman, District Counsel Ann Kudart, Administrative Services Manager</p>
<p>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS</p>	<p>Legal Counsel Hanley announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>CONFERENCE WITH LEGAL COUNSEL-LIABILITY CLAIM [Government Code 94961]</u> Claimant: Jason Zatt, Utility Compliance Technician II Agency Claimed Against: Los Osos Community Services District</p> <p>B. <u>CONFERENCE WITH LABOR NEGOTIATORS [Government Code 54957.6]</u> Agency designated representatives: General Manager Renee Osborne District Counsel Roy Hanley Employee designated representative: San Luis Obispo County Employees' Association (SLOCEA)</p>
<p>3. PUBLIC COMMENT</p>	<p>Public Comment – None</p>
<p>4. ADJOURN TO CLOSED SESSION</p>	<p>The Board adjourned to Closed Session at 6:29 p.m.</p>
<p>5. RECONVENE TO OPEN SESSION</p>	<p>The Board reconvened to Open Session at 7:00 p.m.</p> <p>Roll Call: Chuck Cesena, Director – Present Marshall Ochylski, Director – Present Lou Tornatzky, Director – Present Vicki Milledge, Vice President – Present Jon-Erik Storm, President - Present</p> <p>The following Staff were present: Renee Osborne, General Manager Roy Hanley, District Legal Counsel Jose Acosta, Utility Systems Manager Ann Kudart, Administrative Services Manager</p>
<p>REPORT OUT OF CLOSED SESSION MEETING</p>	<p>Legal Counsel Hanley announced that there was no reportable action from Closed Session.</p>
<p>6. ELECTION OF 2018 BOARD PRESIDENT AND VICE PRESIDENT</p>	<p>President Storm called for nominations for President of the Board. Director Tornatzky nominated Vice President Milledge. Seeing no other nominations, the floor was opened to public comment.</p> <p>Public Comment – Richard Margetson, Steve Best, and Julie Tacker opposed the nomination of Vice President Milledge for Board President.</p> <p>Lynette Tornatzky supported the nomination of Vice President Milledge for Board President.</p> <p>President Storm call for a voice vote to elect Vice President Milledge as 2018 Board President. The vote carried with four ayes and one no vote from Director Cesena.</p> <p>President Storm opened nominations for 2018 Vice President and nominated Director Ochylski. Seeing no other nominations, the floor was opened to public comment.</p>

AGENDA ITEM	DISCUSSION
<p>6. ELECTION OF 2018 BOARD PRESIDENT AND VICE PRESIDENT</p>	<p>Public Comment – Julie Tacker commented on the need for the Board President to appoint an ESAC chairperson who will follow through with the Committee’s vision and work plan.</p> <p>Steve Best opposed the election process.</p> <p>President Storm called for a vote by acclamation to elect Director Ochylski as 2018 Board Vice President. The vote carried with four ayes and one abstention from Director Ochylski.</p> <p>President Milledge and Vice President Ochylski took their places at the dais.</p>
<p>7. PRESENTATION Fiscal Year 2016/2017 Audit Report</p>	<p>Adam Guise of Moss, Levy & Hartzheim provided a summary of the draft Independent Auditors’ Report for Fiscal Year end June 30, 2017 as submitted with the agenda packet. Mr. Guise reported that during their first visit they concentrated on testing the internal controls, looking over the invoices and warrants, employee reimbursements, debit cards, payroll, receipts processes and found that the controls in place are strong. During the second visit they reviewed and tested the balances for all the District’s accounts and came to the conclusion that they could rely on the financial statements. Mr. Guise reported on the funds and long term assets, the net pension liability and long term debts; reported on the Statement of Net Position and Statement of Activities; Statement of Revenues, Expenditures, and Changes in Fund Balances and that the Fire Fund had a positive change in fund balance and that the Admin Fund had a small negative balance as this fund covers the shared costs of the District paid for by transfers in from other funds. He reported on the cash and investments, capital assets, long-term liabilities, pension plans, other post-employment benefits, and fiduciary bonded debt. He reported on the three findings and the District’s corrective plans.</p> <p>Director Cesena requested that the tables on page 34 and 42 be revised to include both payments.</p> <p>Vice President Ochylski reported that Mr. Guise presented the audit to the Finance Advisory Committee on January 11th and their recommendation was that the Board receive the Independent Audit for Fiscal Year 2016/2017.</p> <p>Public Comment – Julie Tacker commented on past payroll findings, asking if the District or employees had been reimbursed for errors in payments.</p> <p>Richard Margetson commented on the Auditor’s letter; the Schedule A payment to Cal Fire; and, opposed the Audit being accepted at this time as it should go back to the committees for further review.</p> <p>Steve Best commented on the justification of the Parks and Recreation funds being used for a dog park.</p> <p>Director Storm moved that the Board receive and file the Final Fiscal Year 2016/2017 Audit subject to recommended adjustments.</p> <p>Mr. Guise reported that the interest payments will be revised in the schedules and that he will review the information in the Fire Fund regarding the Schedule A expenses. Director Storm asked if these changes will result in a change of opinion and Mr. Guise responded that if the financial statements need to be revised and were significant enough that it may cause a change of opinion. Director Storm withdrew his motion.</p> <p>A motion was made by Vice President Ochylski that the Board receive and file the Fiscal year 2016/2017 Audit subject to any adjustments that need to be made based on tonight’s discussion. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Storm, Tornatzky, Milledge Nays: Cesena Abstain: None Absent: None</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Julie Tacker opposed the District supporting the County’s recycled water contracts.</p> <p>Lynette Tornatzky commented that there was one year left on the contract and voiced her support.</p> <p>Steve Best commented on the Community Plan and what the District was doing to save Los Osos.</p>

AGENDA ITEM	DISCUSSION
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. Fire Department Report</p> <p>B. Sheriff Department Report</p> <p>C. Utilities Department Report</p> <p>D. General Manager Report</p> <p>E. Los Osos Community Advisory Council (LOCAC)</p> <p>F. Los Osos/Baywood Park Chamber of Commerce Report</p> <p>G. Utilities Advisory Committee Report</p> <p>H. Finance Advisory Committee Report</p> <p>I. Directors' Announcements of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</p> <p>J. Response to Previously Asked Questions</p>	<p>Battalion Chief Spinharney, Coastal Division Chief for Cal Fire San Luis Obispo County Fire Department, provided a summary of the November 2017 Fire Department activities as submitted in the agenda packet.</p> <p>Deputy Peet, filling in for Commander Voge, provided a report of the Sheriff Department's activities during December 17, 2017 and January 17, 2018 with 221 calls for service.</p> <p>Utility Systems Manager Jose Acosta provided a summary report on the November 2017 activities of the Utilities Department as submitted in the agenda packet.</p> <p>General Manager Osborne provided a summary of the GM's activities for December 2017 as submitted in the agenda packet.</p> <p>None</p> <p>Steve Vinson reported on the Chamber's 2018 Community Awards Dinner and Installations to be held on January 19th at Cuesta College. He reported on the needs of the Warming Center and encouraged those wishing to help to contact Reverend Caroline Hall at St. Benedict's Episcopal Church.</p> <p>Director Cesena reported on the January 17th UAC meeting in which the Committee heard updates regarding the Utilities Department activities including the new storage building at the water yard; update of the January 17th BMC meeting; discussion of reserve balances in regards to Capital Improvements; and, that the next meeting will be held February 21st.</p> <p>Vice President Ochylski reported on the January 11th FAC meeting in which the Committee heard a presentation from the Auditor; reviewed, discussed and recommended approval or receive and file of Board Agenda Items 11C, 11D, 11E, and 11F with a future joint FAC/UAC discussion regarding the water reserves; that the Committee was pleased with the District Accountant and the new report formatting; and that the next meeting will be held January 29th.</p> <p>Vice President Ochylski reported on his attendance at the January 17th Basin Management Committee meeting in which the Committee heard a report regarding a request by the County to the State Water Board for an adjustment of the GSA boundaries based on additional data; update on the status of the Basin Management Plan Infrastructure Projects; the approval of the annual budget subject to review and approval by the various agencies for their portions; the Committee approved an ongoing monitoring program with Cleath-Harris; update on Water Conservation Program and additional items for the rebate program and mailers will be sent out and workshops; and, discussed the three recycled water agreements between the County and the farmers.</p> <p>Director Storm reports on his recent attendance at a Military Emergency Management Joint Task Force training.</p> <p>President Milledge reported on her attendance at the January 11th public meeting at the Cal Fire Training Center regarding Morro Dunes Ecological Reserve and fire hazard concerns bordering Highland Drive. General Manager Osborne reported on the discussion regarding the Habitat Conservation Plan and weed abatement.</p> <p>Vice President Ochylski reported on his attendance at the January 18th LAFCO which the Commission authorized weed abatement powers to San Simeon.</p> <p>None</p>
<p>10. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</p>	<p>Steve Best commented on the January 11th fuel reduction event organized by Emily Miggins.</p> <p>Julie Tacker commented on abatement evaders; loans between Vista, Bayridge, and the Wastewater funds and the effects on the mid-year; the letters to the grantees of Low Income Assistance Fund; and, asked if there were penalties for the illegal water service line under 1st Street that has been removed.</p>

AGENDA ITEM	DISCUSSION
<p>11. CONSENT AGENDA A. Receive Administrative and Committee Reports B. Approve Meeting Minutes of December 7, 2017 C. Approve December 2017 Warrant Register for Disbursement D. Receive Financial Reports for the Period Ending November 30, 2017 E. Receive Final Revenue and Expenditure Report for Fiscal Year 2016/2017 F. Approve 2017/2018 Mid-Year Budget Adjustments G. Adopt Resolution Amending Personnel Policy to Create Position of Utility Billing Specialist, Revise Job Description for Admin Clerk I/II/III Position; and Amend the Organization Chart H. Adopt Resolution Declaring Certain Volunteers as Employees for the Purpose of Providing Workers' Compensation Insurance</p>	<p>A motion was made by Vice President Ochylski that the Board receive and file the Administrative and Committee Reports and approve the Consent Agenda. The motion was seconded by Vice President Storm and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Storm, Cesena, Tornatzky, Milledge Nays: Cesena on Items 11D, 11E, 11F Abstain: None Absent: None</p>
<p>12. GENERAL ACTION ITEMS A. Annual Review of Board Bylaws and Rules of Decorum</p>	<p>Director Storm reported that the ad hoc committee met and reviewed the Bylaws and that there are no changes being recommended at this time, only minor typographical errors.</p> <p>Public Comment – Julie Tacker commented on formatting issues in Section 8.11 and disagreed with Section 4.3(b) and Section 4.3(d) and requested they be removed.</p> <p>Steve Best – objected to the three minute comment time limit and the number of committee meeting cancellations this past year.</p> <p>Vice President Ochylski clarified that the language regarding Chairpersons as the Head of the Committee and the President as Head of the Board and Section 11.1(c) should state that committees should meet on a monthly basis unless there are extenuating circumstances.</p> <p>The Board directed that staff to incorporate the changes, including the use of the term President when referring to the Board and Chairperson when referring to the Committees and edit language in Section 4.3(d) to request speakers to state their name; and, to bring back the amended Bylaws for adoption at the Board's February 1st meeting.</p>
<p>13. DISCUSSION OF PULLED CONSENT ITEMS</p>	<p>None</p>
<p>14. FUTURE AGENDA ITEMS</p>	<p>Director Cesena requested an item regarding 4.0 Staffing for the Fire Department be added.</p>
<p>15. CLOSING BOARD COMMENTS</p>	<p>Director Cesena wished everyone a Happy New Year and looks forward to another exciting year.</p> <p>Director Tornatzky wished everyone a Happy New Year.</p> <p>Director Storm congratulated the new 2018 Board Officers and looks forward to a good year.</p> <p>Vice President Ochylski and President Milledge wished everyone a Happy New Year and look forward to a good year.</p>
<p>16. ADJOURNMENT</p>	<p>The meeting adjourned at 9:12 p.m.</p>