

**Los Osos Community Services District
Board of Directors
Minutes of the Regular Meeting of May 7, 2015**

AGENDA ITEM	DISCUSSION OR ACTION
1. CALL TO ORDER/FLAG SALUTE/ROLL CALL	<p>President Wright called the meeting to order at 6:05 p.m. and Director Storm led the flag salute.</p> <p><u>Roll Call:</u> Chuck Cesena, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Present Mike Wright, President – Present</p> <p>The following Staff were present: Michael Seitz, District Legal Counsel Michael Doyel, District Accountant Ann Kudart, Administrative/Accounting Assistant</p>
2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION	<p>District Legal Counsel Seitz announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>EXISTING LITIGATION (Government Code, §54956.9(d) (1).)</u> Conference with Legal Counsel Regarding Existing Litigation (Formally Initiated): - <i>LOCSD v. Golden State et al</i> (Groundwater Adjudication), Case No. CV040126 (San Luis Obispo Superior Court) - <i>In re Los Osos Community Services District (ND-06-10548)</i> United States Bankruptcy Court, Central District of California, Northern Division - <i>RWQCB v. LOCSD</i>, Case No. CV051074</p> <p>B. <u>LIABILITY CLAIMS (Government Code §54956.95)</u> Claimant: Cinthea T. Coleman Agency Claimed Against: Los Osos Community Services District</p>
3. PUBLIC COMMENT ON CLOSED SESSION ITEMS	Public Comment – None.
4. ADJOURN TO CLOSED SESSION	The Board adjourned to Closed Session at 6:06 p.m.
5. RECONVENE TO OPEN SESSION	<p>President Wright reconvened the meeting to Open Session at 7:01 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Chuck Cesena, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Present Mike Wright, President – Present</p> <p>The following Staff were present: Michael Seitz, District Legal Counsel Mike Doyel, District Accountant Margaret Falkner, Utility Compliance Technician Rob Miller, District Engineer Ann Kudart, Administrative/Accounting Assistant</p>
6. RECEIVE REPORT OUT OF CLOSED SESSION	District Legal Counsel Seitz reported that the Board discussed the groundwater adjudication but took no reportable action; that the RWQCB v. LOCSD case had been dismissed; and in regards to Item 2B the Board voted 5-0 to reject the claim of Cinthea Coleman.
7. PRESENTATIONS A. Public Hearing to Adopt Mitigated Negative Declaration for the 8 th Street Upper Aquifer Well and Nitrate Removal Project	<p>District Engineer Rob Miller reported that one of the top projects in the District's adopted Capital Improvement Program is to construct an upper aquifer Zone C well at the 8th Street water yard site. The project will relax reliance on the existing over-drafted lower aquifer wells and subsequently reduce seawater intrusion rates. A nitrate removal system will be implemented only if levels become too high for blending with the existing 8th Street lower aquifer well.</p> <p>The Board proposed a change in the language on page 2, first sentence in Line 7 of the Project Background Summary to read: "This order requires the community to cease discharges from individual septic leach fields."</p>

AGENDA ITEM	DISCUSSION
<p>7. Public Hearing to Adopt Mitigated Negative Declaration for the 8th Street Upper Aquifer Well and Nitrate Removal Project (continued)</p>	<p>Public Comment: Linde Owen, Jeff Edwards, Julie Tacker, and Richard Margetson spoke.</p> <p>A motion was made by Vice President Ochylski that the Board adopt Resolution 2015-11 adopting a Mitigated Negative Declaration for the 8th Street Upper Aquifer Well and Nitrate Removal Project as amended. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Tornatzky, Cesena, Storm, Wright Nays: None Abstain: None Absent: None</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Peggy Pavek disapproved of the way the District is being managed.</p> <p>Sandra Hedges supported Ms. Pavek's comments.</p> <p>Linde Owen objected to Ms. Kivley as the General Manager; water conservation funds beings spent on outside agency advertising; Board meetings being held at Sea Pines; and committee meetings being held quarterly.</p> <p>Julie Tacker commented on the GM's raise; the reduction of monthly committee meetings; the District audit; that the budget is behind schedule; that the District paid for half of room rental, food, and beverage for a recent ISJ meeting; and, the Verizon cell tower.</p> <p>Jeff Edwards urged the Board to request a reduction in the interest rates for the wastewater project financing.</p> <p>Richard Margetson commented that a discussion on moving Board meetings to the current site was not on the agenda and opposed the GM not allowing public questions to be answered.</p>
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p> <p>C. District Legal Counsel Report</p> <p>D. LOCAC Report</p> <p>E. Los Osos/Baywood Park Chamber of Commerce Report</p> <p>F. Emergency Services Advisory Committee Report</p>	<p>President Wright reported that Chief Veneris was not available and that his March 2015 Chief's Report was submitted in the agenda packet.</p> <p>Utility Compliance Technician Falkner reported on the March 2015 operations of the Utilities Department as submitted with the agenda packet.</p> <p>District Legal Counsel Seitz reported on the recent groundwater adjudication court hearing in which the parties advised the court on the status of the agreements and set a date for the approval of the Basin Plan, the joint powers agreement and the stipulated judgement. The date of the next court appearance is August 14, 2015, all documents will be submitted and made available to the public not later than July 31, 2015. When the court approves the documents then the private ISJ meetings will become public JPA meetings. The court encouraged the parties to provide notice to well users of the date the court will consider the stipulated judgment. Only the District, Golden State, S&T Mutual, and a limited amount of the County's rights are being affected and any intervention prior to the Court's order has the potential to delay this for years. Mr. Seitz encouraged anyone with questions to contact him.</p> <p>LOCAC Chairperson Vicki Milledge reported that there had been a good turnout for the Community Plan Update meetings, the next meeting will be held May 18, 2015 and will cover Chapters 5 and 6. She reported that the Council sat Member Jeff Weir and unanimously elected District 3 Candidate Julie Oberhoff; reviewed a letter from Traffic and Circulation Committee to the Bicycle Advisory Council concerning upgrades to bike routes in the community; and that the next LOCAC meeting will be held April 23, 2015.</p> <p>Chamber of Commerce Director Steve Vinson reported that the Chamber's Business Expo will be held May 15th. The Expo is free and open to the public.</p> <p>ESAC Chairperson Ochylski reported that at the April 21, 2015 ESAC meeting the Committee reviewed the budget and requested a Special Meeting to further discuss the general property tax revenues, Administrative Allocation fees, CSA9i revenue for Fiscal Year 2013/14, and the availability of 2013/14 Audit. The Committee also discussed the solar installation, the hose tower, and requested monthly or bimonthly committee meetings.</p>

AGENDA ITEM	DISCUSSION
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS (continued)</p> <p>G. Utilities Advisory Committee Report</p> <p>H. Parks and Recreation Ad Hoc Committee Report</p> <p>I. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Trainings, etc.</p>	<p>UAC Chairperson Tornatzky reported that at the April 22, 2015 UAC meeting the Committee reviewed Brown Act guidelines, budget review of the Utilities funds, heard an update regarding changes to the District's Intent to Serve letters from Engineer Miller, and Chairperson Tornatzky reported on his efforts in reviewing and rating potential grant opportunities from federal agencies and private and public foundations.</p> <p>Ad Hoc Committee Member Storm reported that he had been examining options for providing parks and recreation services to the community and requested the Board establish a Standing Committee for Parks and Recreation and President Wright directed that this item be placed on the next Board agenda.</p> <p>Director Cesena reported that he had been in contact with Fish and Wildlife and that they have requested that the District define its role in the Habitat Conservation Plan.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>Public Comment: Julie Tacker supported the Parks and Recreation report; requested a report on the Pool Fund; commented on CalPERS unfunded liability discussion at ESAC; general property tax; and the financials.</p> <p>Jeff Edwards appreciated the ISJ report; supported a Park and Recs standing advisory committee; requested Consent Item 11E be pulled and provided "new connection" clarifying language.</p> <p>Linde Owen supported a Parks and Recreation advisory committee and monitoring wells.</p> <p>Richard Margetson commented on the recent groundwater adjudication court hearing; ESAC and UAC meetings; and requested a cash balance.</p> <p>Sandra Hedges opposed the use of wood chips at dog parks.</p>
<p>11. CONSENT AGENDA</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Minutes of April 2, 2015</p> <p>C. Receive Warrant Register through April 2015</p> <p>D. Receive Current Expenditure Reports through March 31, 2015</p> <p>E. Adopt Amendments to Stage III of the Water Shortage Contingency Plan</p>	<p>A motion was made by Vice President Ochylski to receive and file the Administrative and Committee Reports and to approve the items on the Consent Calendar. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Storm, Cesena, Tornatzky, Wright Nays: None Abstain: None Absent: None</p>
<p>12. GENERAL ACTION ITEMS</p> <p>A. Consideration of Conditional Intent to Service Letter (ITS) for 1325 Pasadena Drive</p>	<p>Vice President Ochylski recused himself and left the dais. Director Storm declared ex parte communication with Jeff Edwards in mid-April.</p> <p>District Engineer Miller gave a brief summary of the conditions the applicant will need to meet as directed by the Board at their April 2, 2015 meeting that the letter include a requirement that the applicant provide their own engineering report proving they are offsetting their water use at least a minimum ration of 2:1; and, an amendment to Stage III of the District's Water Shortage Contingency Plan to suspend the processing of new ITS applications.</p> <p>Public Comment: Jeff Edwards and Richard Margetson spoke.</p> <p>Director Storm made a motion that the Board approve the issuance of a Conditional Intent-to-Serve Letter for 1325 Pasadena Drive, Los Osos and authorize the General Manager to sign the letter. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Wright Nays: Cesena Abstain: None Absent: Ochylski</p> <p>Vice President Ochylski returned to the dais.</p>

AGENDA ITEM	DISCUSSION
12B. Appointment of Alternate Member to the Emergency Services Advisory Committee	<p>President Wright appointed Brent Marshall as the Alternate Member of the Emergency Services Advisory Committee.</p> <p>Public Comment: None.</p> <p>President Wright moved to appoint Brent Marshall as the Alternate Member to the Emergency Services Advisory Committee and seconded by Director Cesena.</p>
13. DISCUSSION OF PULLED ITEMS	None.
14. FUTURE AGENDA ITEMS	<p>Director Storm requested that an update on the status of the labor agreement be placed on the next Closed Session agenda.</p> <p>Vice President Ochylski requested an item appointing an Alternate Member to the Morro Bay National Estuary Program Executive Committee.</p> <p>Director Cesena requested that the District meeting place be added to the next agenda for discussion.</p>
15. CLOSING BOARD COMMENTS	<p>Director Storm thanked everyone for a good meeting and staff for the agenda reports and attending the meeting and commented on hearing that the public wants more local control.</p> <p>Director Cesena thanked Directors Storm and Tornatzky for their Ad Hoc committee efforts.</p> <p>Director Tornatzky commented on the negative comments from the public not being helpful.</p> <p>President Wright announced upcoming District events and meetings.</p>
16. ADJOURNMENT	The meeting adjourned at 8:50 p.m