

**Los Osos Community Services District  
Board of Directors  
Minutes of the Regular Meeting of December 4, 2014**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</b></p>	<p>President Baltimore called the meeting to order at 6:00 p.m. and Director Moothart led the flag salute.</p> <p><u>Roll Call:</u>  Leonard Moothart, Director – Present  Marshall Ochylski, Director – Absent  Jon-Eric Storm, Director – Present  Michael Wright, Vice Present – Present  Craig Baltimore, President - Present</p> <p>The following Staff were present:  Kathy Kivley, General Manager  Michael Seitz, District Legal Counsel  Ann Kudart, Administrative/Accounting Assistant</p>
<p><b>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</b></p> <p><b>3. PUBLIC COMMENT</b></p> <p><b>4. ADJOURN TO CLOSED SESSION</b></p>	<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</p> <p>B. <u>PERSONNEL MATTERS (Government Code §54957)</u>  - Public Employee Performance Evaluation – District General Manager</p> <p>Public Comment – Lynette Tornatzky voiced her support of the General Manager and urged the Board to give a positive performance evaluation.</p> <p>Lou Tornatzky supported a positive performance review for the General Manager.</p> <p>President Baltimore reported that an email was received by the Board from Gretchen Henkel and Richard Clark in support of the water rate study and in support of the General Manager's performance.</p> <p>The Board adjourned to Closed Session at 6:04 p.m.</p>
	<p>The Board reconvened to Open Session at 7:03 p.m.</p> <p><u>Roll Call:</u>  Leonard Moothart, Director – Present  Marshall Ochylski, Director – Present  Jon-Eric Storm, Director – Present  Michael Wright, Vice Present – Present  Craig Baltimore, President - Present</p> <p>The following Staff were present:  Kathy Kivley, General Manager  Michael Seitz, District Legal Counsel  Rob Miller, District Engineer  Margaret Falkner, Utility Compliance Technician  Ann Kudart, Administrative/Accounting Assistant</p>
<p><b>6. RECEIVE REPORT OUT OF CLOSED SESSION</b></p>	<p>District Legal Counsel Seitz reported that the Board discussed both items under Existing Litigation but did not take any reportable action. In regards to Personnel Matters the Board reviewed and approved the General Manager's contract.</p>
<p><b>7. PRESENTATIONS AND PUBLIC HEARINGS</b></p> <p><b>A. Presentation of Certificates of Appreciation</b></p>	<p>Vice President Wright presented Certificates of Appreciation to Outgoing Directors Baltimore and Moothart in recognition of their invaluable service to the District and the Community of Los Osos and wished them well in their future endeavors.</p>

AGENDA ITEM	DISCUSSION
<p><b>7A. Presentation of Certificates of Appreciation (continued)</b></p>	<p>On behalf of the Utilities Advisory Committee, Member Lee Harry presented Chairpersons Baltimore and Moothart Certificates of Appreciation in recognition of their valuable contributions during their tenure as Committee Chairs.</p>
<p><b>7. PRESENTATIONS AND PUBLIC HEARINGS</b>  <b>B. Public Hearing to Consider Adopting an Ordinance Amending Title 2 of the District Code Regarding Leak Adjustment Credits</b></p>	<p>Utility Compliance Technician Falkner reported that the hearing was to amend the District code to limit criteria for leak adjustment credits to include service lines but exclude irrigation, toilets, and faucets.</p> <p>President Baltimore opened the public hearing for testimony to consider all objections or protests.</p> <p>Dennis Wormley requested clarification of the procedure for the customer to request relief.</p> <p>Seeing no other speakers, President Baltimore closed the public hearing.</p> <p><b>A motion was made by Director Moothart to conduct the second reading of Ordinance 2014-01, by title only, and adopt Ordinance 2014-01 amending Title 2 of the District Code. The motion was seconded by Director Ochylski and carried with the following vote:</b></p> <p><b>Ayes: Directors Moothart, Ochylski, Storm, Wright, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b></p>	<p>Steve Vinson reported on Los Osos/Baywood Park Chamber of Commerce events.</p> <p>Keith Wimer commented on Seawater Intrusion and urged the Board not to sign off on the Basin Plan.</p> <p>Julie Tacker commented on the financial inequity associated with the general property tax.</p> <p>Bill Moylan supported Mr. Wimer's comments.</p>
<p><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS</b>  <b>A. CAL FIRE Report</b>  <b>B. Utilities Department Report</b>  <b>C. General Manager's Report</b>  <b>D. District Legal Counsel Report</b>  <b>E. LOCAC Report</b>  <b>F. Emergency Services Advisory Committee (ESAC) Report</b>  <b>G. Utilities Advisory Committee (UAC) Report</b>  <b>H. Finance Advisory Committee (FAC) Report</b>  <b>I. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Trainings, etc.</b></p>	<p>General Manager Kivley reported that the October 2014 Chief's Report was submitted in the agenda packet and can also be found online.</p> <p>Utility Compliance Technician Falkner reported on the October 2014 operations of the Utilities Department, reporting on water production and consumption. She reported on California's State of Emergency due to the drought, water conservation efforts and the new logo, the County's rebate program, and that the District is in compliance with the General National Pollutant Discharge Elimination System Permit for storm water discharge.</p> <p>General Manager Kivley reported that during the month of November 2014 all the bankruptcy accounts were analyzed and reconciled pursuant to standard accounting practices and consistent with the Auditor's directions. Staff analyzed all prepayment categories in the books from 2009 through 2012. Staff continued working with the County regarding the April 2016 transition of Bayridge Estates and Vista de Oro. Staff is preparing for calendar year-end filing deadlines, preparing for midyear, and began preparations for the new budget. General Manager Kivley reported on office closures during the holidays.</p> <p>District Legal Counsel Seitz reported on the anticipated release within a couple of weeks of the final Basin Plan for public review. He reported that public comments were received and taken into consideration as part of the final Plan.</p> <p>LOCAC Member Jan Harper reported that there was no meeting in November, that the next meeting would be December 18<sup>th</sup> and announced various upcoming committee meeting dates.</p> <p>Director Moothart reported that a Joint FAC/UAC on November 19, 2014 provided an update of the Water Rate Study. The committees reviewed the documents and recommended that the Board approve the draft Water Rate Study as amended.</p> <p>Director Storm, Parks and Recreation Ad Hoc Committee, reported that there is no revenue stream. He stated that the Committee recommended support for a dog park and that a new ad hoc committee be formed next year after the Basin Plan and the County Parks reorganization is completed.</p>

AGENDA ITEM	DISCUSSION
<p><b>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</b></p>	<p>Keith Wimer requested clarification on Legal Counsel's report.</p> <p>Chuck Cesena commented on the Joint FAC/UAC meeting; would like to see Item 11F pulled for further discussion; and opposed quarterly committee meetings.</p> <p>Julie Tacker commented on the need for a contract with Wallace Group for the transitioning of Bayridge Estates and Vista de Oro; opposed quarterly committee meetings; and commented on the General Manager's pay raise.</p> <p>Richard Margetson opposed quarterly committee meetings; commented on the financials and the General Manager's pay raise.</p>
<p><b>11. CONSENT AGENDA</b>  <b>A. Receive Administrative and Committee Reports</b>  <b>B. Approve Meeting Minutes of November 13, 2014</b>  <b>C. Receive Warrant Register for the Period November 1-26, 2014</b>  <b>D. Receive Current Expenditure Reports through November 26, 2014</b>  <b>E. Adopt Resolution Establishing a Reserve Fund for Monies Currently Invested with the SLO Community Foundation</b>  <b>F. Approve 2015 Advisory Committee Meeting Schedule</b>  <b>G. Approve Amendments to the General Manager's Contract</b></p>	<p><b>A motion was made by Director Ochylski to receive and file the Administrative and Committee Reports, and to approve the items on the Consent Calendar. The motion was seconded by Vice President Wright and carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Wright, Moothart, Storm, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>12. GENERAL ACTION ITEMS</b>   <b>A. Consideration of Approval of a Draft Water Rate Study</b></p>	<p>General Manager Kathy Kivley gave a brief introduction of the item. Alex Handlers of Bartle Wells Associates (BWA) and District Engineer Miller gave a presentation providing a background of the District's water services and finances, financial challenges facing the District, financial projections to determine annual funding needs and level of rate increases, rate recommendations and reported that customers can reduce impacts of rate increases by reducing water use. He discussed proposed water shortage emergency rates and the Prop 218 process.</p> <p>Public Comment – Keith Wimer provided a handout and recommended improvements to the Rate Study and Water Shortage Plan.</p> <p>Julie Tacker commented on the need for a conversation on how to spend the \$180,000 equally throughout the entire District.</p> <p>Richard Margetson opposed approving the study at this time and would like to see it reviewed by the Finance Committee believing there are issues that need to be addressed.</p> <p>Lee Harry supported the rate study commenting it is needed now and that the District can't afford to wait.</p> <p>Leslie Sands commented on the burden to those residents on fixed income.</p> <p>Lynette Tornatzky supported the rate study and commented on the need to move ahead now.</p> <p>Dennis Wormley commented on financial challenges and opposed the 15% increase.</p>

AGENDA ITEM	DISCUSSION
<p><b>A. Consideration of Approval of a Draft Water Rate Study (continued)</b></p>	<p>A motion was made by Director Moothart that the Board approve the draft Water Rate Study, set a public hearing for February 5, 2015 and direct staff to prepare the Proposition 218 notice at least 45 days prior to the public hearing. The motion was seconded by Director Storm and carried with the following vote:</p> <p><b>Ayes: Directors Moothart, Storm, Ochylski, Wright, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>13. DISCUSSION OF PULLED CONSENT ITEMS</b></p>	<p>None.</p>
<p><b>14. FUTURE AGENDA ITEMS</b></p>	<p>None.</p>
<p><b>15. CLOSING BOARD COMMENTS</b></p>	<p>Director Storm thanked Directors Baltimore and Moothart for their service and appreciated their support and guidance and that it was a pleasure working with them. He wished everyone happy holidays.</p> <p>Director Ochylski announced the upcoming Christmas Parade and Needs and Wishes fundraiser on December 13, 2014; thanked Directors Baltimore and Moothart for their service; and wished everyone happy holidays.</p> <p>Vice President Wright added his thanks to Directors Baltimore and Moothart for their guidance and looks forward to working with the incoming directors. He announced the Operation Santa Claus Toy Drive.</p> <p>Director Moothart announced that his group raised over \$1200 during the "Movember" fundraiser.</p> <p>President Baltimore announced that a 2% garbage rate increase would go into effect January 1, 2015. He thanked everyone for their support during his time on the Board giving special thanks to the water crew for a job well done.</p>
<p><b>16. ADJOURNMENT</b></p>	<p>The meeting adjourned at 9:45 p.m.</p>