

**Los Osos Community Services District
Board of Directors
Minutes of the Regular Meeting of February 5, 2015**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>Vice President Wright called the meeting to order at 6:00 p.m. and Director Tornatzky led the flag salute.</p> <p><u>Roll Call:</u> Chuck Cesena, Director – Absent Marshall Ochylski, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Absent Mike Wright, 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>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</p> <p>3. PUBLIC COMMENT</p> <p>4. ADJOURN TO CLOSED SESSION</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>LIABILITY CLAIMS (Government Code §54956.95)</u> Claimant: Debra Lynn Pavek Agency Claimed Against: Los Osos Community Services District</p> <p>C. <u>PERSONNEL MATTERS (Government Code §54957)</u> - Conference with Labor Negotiators District Negotiators: Kathy Kivley, General Manger and Michael Seitz, District Counsel Employee Organization: SLOCEA</p> <p>Public Comment – None.</p> <p>The Board adjourned to Closed Session at 6:02 p.m.</p>
	<p>The Board reconvened to Open Session at 7:00 p.m.</p> <p><u>Roll Call:</u> Chuck Cesena, Director – Present Marshall Ochylski, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Mike Wright, President – Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Mike Doyel, District Accountant Margaret Falkner, Utility Compliance Technician Rob Miller, District Engineer Ann Kudart, Administrative/Accounting Assistant</p>
<p>6. RECEIVE REPORT OUT OF CLOSED SESSION</p>	<p>District Legal Counsel Seitz reported that the Board in Closed Session discussed the ISJ and Bankruptcy; voted 5-0 rejected the claim by Debra Lynn Pavek and gave direction to the General Manager to provide notice to the claimant; and, concerning Personnel Matters, the Board gave direction to the negotiators but took no reportable action.</p>
<p>7. PRESENTATIONS AND PUBLIC HEARINGS</p> <p>A. Administer Firefighter’s Oath to New Station 15 Reserve Firefighters</p>	<p>Battalion Chief Veneris introduced new Station 15-South Bay Reserve Firefighters Dillion Campbell and Patrick Leonard and gave a brief history of their training. President Wright administered the oath. Members of the firefighter’s families came forward and pinned on their badges. The Board, staff and members of the audience offered congratulations to the new reserves.</p>

AGENDA ITEM	DISCUSSION
<p>7B. Public Hearing on Proposed Water Rate Increases and Maximum Water Shortage Emergency Rates</p>	<p>Alex Handlers of Bartle Wells Associates gave a presentation providing a brief background of the District's water services financial challenges facing the District, financial projections to determine annual funding needs and level of rate increases.</p> <p>President Wright opened the public hearing for testimony to consider all objections or protests.</p> <p>Nicholas Cook asked where the District would get additional water without further degrading the basin.</p> <p>Keith Wimer protested the rate increase and voiced his concerns about the type of conservation needed to stop seawater intrusion.</p> <p>Richard Margetson commented on the bimonthly rate increases and his disappointment that this did not go back before the Finance Committee.</p> <p>Julie Tacker commented that the \$180,000 general property tax should benefit the entire District, not only the water department.</p> <p>Seeing no other speakers, President Wright closed the public hearing.</p> <p>Utilities Compliance Technician Falkner counted the written protest votes. District Counsel Seitz reported that there were 34 valid protest votes.</p> <p>District Counsel Seitz reported that there would be two amendments to the resolution. Following the eighth WHEREAS, there will be two additions: "WHEREAS, the Board on February 5, 2015, has conducted the protest hearing and a total of 34 protests were filed before the end of the hearing." And "WHEREAS, the Board finds that the number of protests do not constitute a majority.</p> <p>A motion was made by Vice President Ochylski that the Board adopt Resolution 2015-02 approving water rate increases as amended and setting maximum water shortage emergency rates thereby increasing District water user fees. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Tornatzky, Storm, Wright Nays: Cesena Abstain: None Absent: None</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Keith Wimer commented on the status of the Basin Plan and water conservation.</p> <p>Patrick McGibney commented on the Basin Plan and stopping seawater intrusion.</p> <p>Julie Tacker voiced her disappointment that the District Engineer did not respond to the Basin Plan questions and asked that the Board be more inclusive and transparent.</p> <p>Richard Margetson commented on the need for further research on the tax bill issue.</p> <p>Lynette Tornatzky thanked Director Storm for being one of the Tribune's 2015 Top 20 Under 40. She commented on the public emailing the Board should they have questions or concerns.</p> <p>Jan Harper reported on the upcoming Status of Women's Hall of Fame to be held March 14, 2015 at the Madonna Inn.</p>
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p>	<p>Battalion Chief Veneris reported on both the December 2014 and the Annual 2014 review of Station 15-South Bay emergency activities, administrative issues, training, special programs and projects and fire prevention; and, he reported on CERT Training to be held February 17, 2015.</p> <p>Utility Compliance Technician Falkner reported on the December 2014 operations of the Utilities Department, reporting on water production and runtime hours by well sites. She reported on California's State of Emergency due to the drought, water conservation efforts by Barnet, Cox & Associated, and the County's rebate program. She reported on the Central Coast Partners for Water Quality campaign to reduce pet waste and the continuing monitoring and grounds keeping by the crews in Bayridge Estates and Vista de Oro.</p>

AGENDA ITEM	DISCUSSION
<p>C. General Manager's Report</p> <p>D. District Legal Counsel Report</p> <p>E. LOCAC Report</p> <p>I. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Trainings, etc.</p>	<p>General Manager Kivley reported that during the month of January 2015 TechXpress completed an update to the District's operating system software, she attended Nipomo CSD's 50th Anniversary celebration, she served on the oral board for the Chief Plant Treatment Operator for the Los Osos Recycling Water Facility. She reported on finalizing the ISO billing inserts, attended several ISJ meetings, worked with Standard and Poor's on improving the 2002 bond rating, and on the release of the updated Basin Management Plan.</p> <p>Legal Counsel Seitz reported that he has, as directed by the Board, researched issues regarding individuals who had their bankruptcy claims approved and will be reporting at the March Board meeting.</p> <p>LOCAC Representative Jan Harper, reported that at the January 22, 2015 meeting the Council did not have a quorum; Supervisor Gibson announced a Town Hall Meeting to be held February 25, 2015 for a Wastewater Project update; that McDonald's has not pulled its project application; a proposal for a no parking zone on LOVR from Palisades to South Bay Boulevard on the north side of the street; a dog park update; and, a discussion concerning hunting on the Bay. She reported on upcoming LOCAC committee meetings and that the next LOCAC meeting will be held February 26, 2015.</p> <p>Chamber of Commerce Director Steve Vinson reported on the recent Chamber Installation and Awards Dinner; the recent Chamber retreat; the Chamber's 60th Anniversary and upcoming celebration; the upcoming e-Recycle event; and, volunteer opportunities with the Chamber.</p> <p>Director Cesena reported on his attendance at his first CAPSLO meeting and the numerous outreach programs they are involved in.</p> <p>Vice President Ochylski reported that at the January 20, 2015 ESAC meeting the Committee reviewed the items Chief Veneris reported on in his Administrative Report. The Committee recommended that the Board approve the budget adjustments and the purchase of the Thermal Imaging Camera items on this agenda. The Committee requested that the General Manager be present at their future meetings and the Committee would like to see the item "Recommendations for Future Agenda Items" put back on the agenda. The next meeting will be held April 15, 2015.</p> <p>Director Tornatzky reported that at the January 21, 2015 UAC meeting District Engineer Rob Miller reported on the Recycled Water Discharges to Los Osos Creek. The Committee reviewed and discussed the findings and recommended that the Board direct staff to prepare a request for proposal to issue to qualified consultants to prepare a focused study to address potential permitting issues, preliminary considerations, competing recycled water options and next steps to authorize release of the document. The next meeting will be held April 21, 2015.</p> <p>Director Storm reported that at the February 2, 2015 FAC meeting the Committee reviewed the Budget including funds not reviewed by other committees. They recommended that the Board adopt the various changes to the revision. There was an extensive discussion concerning the funding for Capital Improvement Projects recommending that the District pursue all available sources of funding including grants and bond funds. The Committee recommended that the Board approve the Warrants. District Account Doyel reported that a trial balance had been submitted to the auditors is waiting to hear back from them. The next meeting will be held Monday, May 4, 2015.</p> <p>Vice President Ochylski reported that the Water Conservation and Emergency Water Ordinances was defeated by the Board of Supervisors, 3-2; and that he was re-elected to LAFCO.</p> <p>Director Cesena reported that he, Director Storm and President Wright attended the mandated Ethics Training in Templeton. Director Cesena, Director Tornatzky and President Wright will be attending the upcoming mandated Harassment Training.</p> <p>President Wright appointed Director Cesena to an Ad Hoc Committee to spearhead the issuance of the Title 7 permit; he appointed Director Tornatzky to an Ad Hoc Committee to research funding for Capital Improvement Projects; and he appointed Director Storm to a Parks and Recreation Ad Hoc Committee.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>Legal Counsel Seitz reported that staff would like to have Item 11E pulled as it will be submitted to the ISJ for consideration of funding. President Wright pulled and continued Item 11E.</p> <p>Julie Tacker commented on the McDonald Project, recommended a report on SB Well Nitrate Removal Project and on the Palisades Well damage, supports "Recommendations for Future Agenda Items" being put back on ESAC agenda, and commented on the Directors attending the Chamber Dinner.</p>

AGENDA ITEM	DISCUSSION
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR (continue)</p>	<p>Tom Wright commented that the ISO billing insert should go to water customers through the District, and the 4.0 staffing discussion at the recent ESAC meeting for a fourth paramedic.</p> <p>Richard Margetson commented on the "Recommendations for Future Agenda Items" placed back on agendas and the positive tenor of the recent ESAC and UAC meetings. He opposed the limited discussion of the mid-year budget review at FAC.</p>
<p>11. CONSENT AGENDA A. Receive Administrative and Committee Reports B. Not Used C. Receive Warrant Register through January 2015 D. Not Used E. Report on Recycled Water Discharges to Los Osos Creek Technical Memorandum F. Authorize Purchase of Thermal Imaging Camera (TIC) and Associated Hardware G. Adopt FY 2015/2016 Budget Calendar</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 with the provision that 11E has been pulled. 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>12. GENERAL ACTION ITEMS A. Approve Fiscal Year 2014/2015 Mid-Year Budget</p>	<p>General Manager Kivley reported that the budget addressed those adjustments over \$1000 or any adjustments in categories where the total expenditures for that category exceeded over 50%. She reported the addition of a revenue category called Homeowners Property Tax Relief to report actual tax relief dollars collected by the County, transmitted to the District and reportable to the State for Funds 200, 301, 500 and 800. She reported on two corrections to Fund 600: 9022 Debt Service – Principal \$435,000 should be \$455,000 and that 9023 Debt Service – Interest \$709,375 should be \$698,500 per the debt amortization schedule. She provided a summary of the report as submitted with the agenda packet.</p> <p>Public Comment - Julie Tacker suggested that creating the new reserve fund be memorialized in a resolution; the ESAC discussions and questions concerning the mid-year budget; the refinancing of the bond; and the charges for the Bayridge and Vista de Oro transition plan to the County.</p> <p>Richard Margetson commented on Fund 800 Property taxes; salary allocations; and the bond issue.</p> <p>A motion was made by Director Storm that the Board accept the recommendation of staff changes to the Mid-Year Budget for Administration-100, Bayridge-200, Fire-301, Vista de Oro-400, Water-500, Wastewater-600, Solid Waste-650, and Drainage-800 funds for Fiscal Year 2014/2015 and direct the General Manager to implement the adjustments as outlined, increase the Reserve dollars as proposed and allocate Reserves as written to cover proposed expenditures and revenues noting the corrections in Fund 600 to 9022 to \$455,000 and 9023 to \$698,500. Secondly, I move that the Board direct the General Manager to prepare bid documents for the purchase of two replacement vehicles and authorize the release of the bid documents requesting quotes from various entities with fleet divisions for this purchase from the Water Fund-500 for the Utility Department consistent with the staff report. The motion was seconded by Vice President Ochylski and carried with the following vote:</p> <p>Ayes: Directors Storm, Ochylski, Tornatzky, Wright Nays: Cesena Abstain: None Absent: None</p>
<p>B. Appoint Regular and Alternate Public Members for Standing Advisory Committees</p>	<p>General Manager Kathy Kivley provided a summary of the report as submitted with the agenda packet.</p> <p>Public Comment – Richard Margetson commented on members being on both District committees and LOCAC and disapproved with the way the recent FAC meeting was conducted.</p>

AGENDA ITEM	DISCUSSION
<p>B. Appoint Regular and Alternate Public Members for Standing Advisory Committees (continued)</p>	<p>Chairperson Ochylski appointed Jerry Dillingham, David Harris, and Thomas Wright to the Emergency Services Advisory Committee.</p> <p>Chairperson Tornatzky appointed Jan Harper, Lee Harry, and Leonard Moothart to the Utilities Advisory Committee.</p> <p>Chairperson Storm appointed Lisa Gonzalez and Gary Orback to two-year terms and Craig Baltimore to a one-year term on the Finance Advisory Committee.</p> <p>A motion was made by Director Storm that the Board confirm the appointment to the Emergency Services, Finance and Utilities Advisory Committees, The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Cesena, Ochylski, Wright Nays: None Abstain: None Absent: None</p>
<p>C. Consider Nominating R. Michael Wright as a Candidate for Election to the Special District Risk Management Authority Board of Directors</p>	<p>General Manager Kathy Kivley provided a summary of the report as submitted with the agenda packet.</p> <p>Public Comment – None.</p> <p>A motion was made by Director Storm that the Board adopt Resolution 2015-03 nominating R. Michael Wright as a candidate for election to the Special District Risk Management Authority Board of Directors and direct staff to submit the required nomination documents before the filing deadline of May 1, 2015. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Cesena, Ochylski, Wright Nays: None Abstain: None Absent: None</p>
<p>13. DISCUSSION OF PULLED CONSENT ITEMS</p>	<p>None.</p>
<p>14. FUTURE AGENDA ITEMS</p>	<p>None.</p>
<p>15. CLOSING BOARD COMMENTS</p>	<p>Director Storm offered his condolences to Legal Counsel Seitz and expressed a vote of confidence for the work he has done for the District; he commented on moving the District forward; he acknowledged the Los Osos Business of the Year, Rexall, the Volunteer of the Year, Simon Van Beurden, and the Citizen of the Year, John Lindsey. He asked if Closed Session could be moved to 6:30 p.m. and disapproved of the distractions during the Board meeting due to another organization holding their meeting on the other side of the partition.</p> <p>President Wright thanked the new committee applicants and looks forward to a lot of rain over the weekend.</p>
<p>16. ADJOURNMENT</p>	<p>The meeting adjourned at 9:21 p.m.</p>