

**Los Osos Community Services District
Minutes of the Regular Meeting of April 6, 2017**

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 7:01 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 – Present 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 Steve Spinharney, Battalion Chief</p>
<p>2. PRESENTATIONS AND PUBLIC HEARINGS</p>	<p>None</p>
<p>3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Julie Tacker had concerns regarding the “shredded rubber tire material” in the playground at the community park.</p> <p>Richard Margetson commented on the “People Helping People” rummage sale with proceeds supporting the Community Center, Needs ‘N Wishes and People Helping People. He voiced his support and appreciation for the moment of silence at the beginning of each Board meeting.</p>
<p>4. 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. Parks and Recreation Advisory Committee Meeting Report</p>	<p>Chief Steve Spinharney provided a summary of the February 2017 Fire Department activities as submitted in the agenda packet.</p> <p>Commander Taylor from the Sheriff’s Department was not present.</p> <p>General Manager Osborne provided a report on the February 2017 activities of the Utilities Department as submitted in the agenda packet.</p> <p>Director Ochylski asked why consumption was down but sales are up and District Engineer Miller responded that it was due to the rate increase.</p> <p>General Manager Osborne provided a summary of the General Manager’s activities for March 2017 as submitted in the agenda packet.</p> <p>Director Cesena asked if the problems at the Palisades Well were the same issues as last time. General Manager Osborne responded that Staff was waiting to hear what the issues were.</p> <p>LOCAC Secretary Lynette Tornatzky reported on the February 23, 2017 LOCAC meeting. The Council has two new members, Yael Korin from District 1 and David Harris from District 4; that the Community Plan is moving forward; Supervisory Gibson provided flyers regarding the April 13th public meeting on Offshore Wind Energy Planning and Development; LOCAC Chairperson Oberhoff announced a possible new role by LOCAC in the Planning and Development process; Jim Stanfill reported on the success of the St. Patrick’s Day Business Expo; and, the 2300 Clark Valley Road project had been approved.</p> <p>Steve Vinson reported that the Chamber’s St. Patrick’s Day Business Expo was a success; the upcoming Tuscany Tour presentation at Morro Shores will be held April 10th; the next mixer will be at Jule’s Comfy Closet on April 9th; the co-mixer with Morro Bay will be on May 3rd at Sage Ecological Landscape; and the Festival de Flavor Food Showcase is on May 19th. He reported that the Chamber is looking for volunteers to help at the Welcome Center as well as a sales person, a marketing person, and a membership ambassador.</p> <p>Chairperson Tornatzky reported on the March 7th meeting and that the Committee has been working on the dog park; is currently discussing “Best and Worse Practices” regarding dog parks; and that he and Committee Member Fitzgerald visited the dog park site.</p>

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<p>H. Emergency Services Committee Meeting Report</p>	<p>Vice-Chair Milledge reported on the ESAC meeting of March 21, 2017 in which the Committee recommended that committee minutes be included in the Board Packet; requested that the Strategic Plan be added to the 2017 Work Plan so they can review it; requested that committee minutes be more reflective of discussions; and that a condolence letter be send to the family of Matthew Frank, SLO Stringer.</p>
<p>I. Finance Advisory Committee Meeting Report</p>	<p>Chairperson Ochylski reported on the March 30th FAC meeting in which the Committee reviewed and approved the warrant report; reviewed and commented on the mid-year budget update; and that the Committee participated in a joint meeting with the Utilities Advisory Committee on the March 16th.</p>
<p>J. Joint Finance/Utilities Advisory Committees Meeting Report</p>	<p>Chairperson Ochylski reported on a very productive Joint Finance/Utility Committees meeting on March 16 and that the Rate Study Group, District Engineer Rob Miller, UAC Member Ron Munds and Richard Margetson, presented a live spreadsheet which enabled them to provide answers to questions from FAC, UAC, and members of the public. The Committees made recommendations which will be discussed by Engineer Miller under Agenda Item 7D. Chairperson Cesena reported that there was great dialog between all members present.</p>
<p>K Directors' Announcements of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</p>	<p>Director Cesena attended an orientation at CAPSLO and toured the facilities. He also attended WRAC where the Los Osos "fringe" area was discussed.</p> <p>Director Ochylski attended the Morro Bay Estuary Meeting and requested that Morro Bay Estuary events be added to the District's website.</p> <p>Vice President Milledge and Director Tornatzky attended the San Luis Obispo Chapter of CSDA meeting.</p>
<p>L. Response to Previously Asked Questions</p>	<p>None</p>
<p>5. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</p>	<p>President Storm pulled Consent Agenda Item 6E to be heard separately.</p> <p>Julie Tacker commented on the Audit; ESAC's request regarding minutes; and the GM's comment regarding emergency expenses at Palisades Well.</p> <p>Richard Margetson commented on the temporary hiring of Dale Flynn to assist with the District's accounting workload.</p>
<p>6. CONSENT AGENDA</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Meeting Minutes of March 2, 2017</p> <p>C. Approve Warrant Register for Disbursement for March 2017</p> <p>D. Fiscal Year 2016/2017 Final Audit</p> <p>E. Fiscal Year 2016/2017 Mid-Year Budget</p> <p>F. Accept Notice of Completion, Authorize Final Payment and Approve Disbursement to John Madonna Construction for Construction Services Regarding the Water System Interconnections Improvement Project</p>	<p>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 with the exception of Item 6E. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Tornatzky, Cesena, Milledge, Storm Nays: None Abstain: None Absent: None</p>

AGENDA ITEM	DISCUSSION
<p>6. CONSENT AGENDA (continued) F. Accept Notice of Completion, Authorize Final Payment and Approve Disbursement to John Madonna Construction for Construction Services Regarding the Water System Interconnections Improvement Project G. Accept Notice of Completion, Authorize Full Payment and Approve Disbursement to John Madonna Construction for Construction Services of the Station15-South Bay Sewer Lateral Construction Project H. Approve Letter of Condolence to the Family of Matthew Steven Frank SLO Stringer</p>	
<p>7. GENERAL ACTION ITEMS A. Report of the Ad Hoc Committee on Government Services</p> <p style="text-align: center;">Public Comment</p>	<p>President Storm provided a presentation/power point report of the Ad Hoc Committee on Government Services such as planning services. Director Tornatzky commented that he would like more discussion on the subject. Director Cesena said he was confused by how we would be more effective than LOCAC.</p> <p>Supervisor Bruce Gibson commented that he would like to encourage any sort of communication to improve Los Osos.</p> <p>Julie Tacker commented on her concerns regarding the Ad Hoc Committee and about the posting of the item.</p> <p>Richard Margetson commented on the Fire Tax and the Cal Fire contract.</p> <p>Lynette Tornatzky commented on government control; that we should have more control of our District not less; and the importance of the Community Plan.</p> <p>A motion was made by Vice President Milledge to direct Staff to prepare a resolution for an application to LAFCO to give the District latent power to fund municipal advisory councils and set the appropriate public hearing for our next meeting; and to negotiate the necessary agreements with the County starting on January 1, 2018; and that it would be the goal of the District to upgrade to an Area Planning Council two years after the municipal advisory council arrangement begin by proving our capacity and competence. This motion was seconded by Director Tornatzky.</p> <p>Following further Board discussion Vice President Milledge withdrew her previous motion.</p> <p>A motion was made by Vice President Milledge that the Ad Hoc Committee contact all interested and necessary parties, to gather data to bring back to the Board in six months. The motion was seconded by Director Ochylski. Ayes: Directors Ochylski, Cesena, Tornatzky, Milledge, Storm. Nays: None Abstain: None Absent: None</p>
<p>B. Consider Request for a Will Serve Letter for Existing Residential Service at 1288 11th Street for Installation of Additional Fixtures</p>	<p>Property Owners Jeff and Nell Wade, reported that they are remodeling and want to add a master bathroom; they are not adding additional occupants; have added a grey water system to help with water usage; and per the County need a "Will Serve" from the District.</p>

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<p>B. Consider Request for Will Serve Letter for Existing Residential Service at 1288 11th Street for the Installation of Additional Fixtures (continued)</p>	<p>Public Comment - Julie Tacker commented that there was no staff report on this item and that fixtures don't add usage.</p> <p>Richard Margetson commented on the issuance of a Will Serve and adding a bathroom and square footage.</p> <p>Scott Clark, architect for the Wade's, Clark, commented that he provided digital information to staff; as per the County the residence was a two bedroom but past owners made it into a one bedroom; and that the County informed them that as soon as you have sewer hookup you are "good to go".</p> <p>Lynnette Tornatzky commented that there is no comparison between this project and Mr. Benson's; does the District have the authority to say no to this project; that issues such as these need to be taken to BMC; and inquired as to why Golden State is issuing will serves.</p> <p>The General Manager Osborne reported that the County requires a will serve when installing new fixtures; per the District's Stage III policy we are currently not issuing Will Serves; and staff is requesting direction from the Board as to how to proceed.</p> <p>District Counsel Hanley reported that the Wade's did not need a will serve from the District as they are already being served and that he will discuss with the County their choice of wording. He suggested that the Board approve this application and that staff bring back the drought resolution for amendment to allow staff to act without having to bring before the Board each time.</p> <p>A motion was made by Vice President Milledge to approve the issuance of the will serve letter and that staff bring back the drought resolution as an action item on a future agenda item. The motion was seconded by President Storm. Ayes: Directors Milledge, Storm, Cesena, Tornatzky Nays: None Abstain: Ochylski Absent: None</p>
<p>C. Authorize Communication Regarding GSA/GSP Funding to the Board of Supervisors</p>	<p>Supervisor Gibson discussed the GSA/GSP Funding and President Storm voiced his support in sending a letter of complaint.</p> <p>A motion was made by Director Tornatzky for the Board President to draft a letter registering the District's complaint. The motion was seconded by Vice President Milledge and carried with the following vote:</p> <p>Ayes: Directors Tornatzky, Milledge, Cesena, Ochylski, Storm. Nays: None Abstain: None Absent: None</p> <p>Vice President Milledge left the dais.</p>
<p>D. Consideration of Reserve Policies, Revenue Allocations, and Rates for the Water Enterprise</p> <p>review and approve water rate analysis and direct staff to issue the appropriate public notice in accordance with Proposition 218; and set date of public hearing to consider a water rate increase</p>	<p>District Engineer Miller provided a presentation regarding the Water Rate Study.</p> <p>Public Comment – Julie Tacker commented on the establishment of the 100% property tax redirected from Water.</p> <p>The Board discussed the need to figure out how much of the Water fund should be contributing to the Admin fund and that committee recommendation was to allocate 80% of the Admin costs from the Water Fund, to reduce the property tax revenue going to water by 50% over the next 3 years but no recommendation as to what fund.</p> <p>A motion was made by Director Ochylski to adopt Resolution 2017-11 amending the District Reserve Policies relating to the Water Enterprise Fund; to reduce the property tax allocation and admin costs over the next three years; and that the water rate analysis be brought back to the Board. The motion was seconded by Director Tornatzky.</p> <p>Ayes: Directors Ochylski, Tornatzky, Cesena, Storm Nays: None Abstain: None Absent: Milledge</p>

AGENDA ITEM	DISCUSSION
<p>8. DISCUSSION OF PULLED CONSENT ITEMS</p> <p>Consent Agenda Item 6E Fiscal Year 2016/2017 Mid-Year Budget</p>	<p>Director Ochylski reported the Finance Advisory Committee's recommendations and asked the Board if they wanted to accept the document as is and move forward to begin the 2017-2018 budget process.</p> <p>General Manager Osborne provided a review of the proposed adjustments.</p> <p>Public Comment – Richard Margetson opposed the Board accepting the item as it is not accurate as presented.</p> <p>Julie Tacker commented that the document was incomplete in that all the funds were not shown and no staff report provided.</p> <p>Lynette Tornatzky commented on the need to move forward with the new budget.</p> <p>Director Ochylski recommended that staff move on to the next year's budget and to refine the numbers for the 2016-2017 budget and make any adjustments before the end of the year to be approved along with the 2017-2018 budget.</p> <p>The Board directed staff to make the changes recommended by the Finance Advisory Committee and to move forward with the 2017-2018 budget while concurrently working with the 2016-2017 budget.</p>
<p>14. FUTURE AGENDA ITEMS</p>	<p>None</p>
<p>15. CLOSING BOARD COMMENTS</p>	<p>Director Ochylski reported that FAC will start talking about next years' budget at their next meeting.</p> <p>Director Cesena announced the upcoming People Helping People Rummage Sale at the Community Center.</p> <p>President Storm announced Mission County Disposal Cleanup Week April 10-14</p> <p>Director Ochylski announced the Morro Bay Estuary schedule.</p>
<p>16. ADJOURNMENT</p>	<p>The meeting adjourned at 10:22 p.m.</p>