



December 1, 2017

TO: LOCSD Board of Directors
FROM: Ann Kudart, Administrative Services Manager
SUBJECT: **Agenda Item 11B – 12/7/2017 Board Meeting**
Approve Prior Meeting Minutes

President
Jon-Erik G. Storm

Vice President
Vicki L. Milledge

Directors
Charles L. Cesena
Marshall E. Ochylski
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 April 6, 2017; May 4, 2017; October 12, 2017; October 24, 2017; November 2, 2017, and November 15, 2017 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 April 6, 2017; May 4, 2017; October 12, 2017; October 24, 2017; November 2, 2017; and November 15, 2017 Board of Directors meetings.

Attachment

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**Los Osos Community Services District
DRAFT 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>

AGENDA ITEM	DISCUSSION
<p>H. Emergency Services Committee Meeting Report</p> <p>I. Finance Advisory Committee Meeting Report</p> <p>J. Joint Finance/Utilities Advisory Committees Meeting Report</p> <p>K Directors' Announcements of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</p> <p>L. Response to Previously Asked Questions</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>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>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>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>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)</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>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</p> <p>H. Approve Letter of Condolence to the Family of Matthew Steven Frank SLO Stringer</p>	<p style="text-align: center;">[REDACTED]</p>
<p>7. GENERAL ACTION ITEMS</p> <p>A. Report of the Ad Hoc Committee on Government Services</p> <p>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.</p> <p>Ayes: Directors Ochylski, Cesena, Tornatzky, Milledge, Storm.</p> <p>Nays: None</p> <p>Abstain: None</p> <p>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 Neil 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>

AGENDA ITEM	DISCUSSION
<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 Polices, 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>

**Los Osos Community Services District
DRAFT Minutes of the Regular Meeting of May 4, 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 6:30 p.m. and led the flag salute.</p> <p>Roll Call: Charles L. Cesena, Director – Present Marshall E. Ochylski, Director – Arrived at 6:35 p.m. 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 Ann Kudart, Administrative Services Manager</p>
<p>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</p>	<p>Legal Counsel Hanley announced that the Board would convene to Closed Session for the following:</p> <p style="margin-left: 40px;">A. <u>PUBLIC EMPLOYEE PERFORMANCE EVALUATION [Government Code 54957 (b)(1)]</u> Title: General Manager</p> <p style="margin-left: 40px;">B. <u>CONFERENCE WITH LABOR NEGOTIATORS [Government Code 54957.6]</u> Agency designated representative: District Counsel Roy Hanley Unrepresented employee: Grace Environmental Services</p> <p style="margin-left: 40px;">C. <u>CONFERENCE WITH LABOR NEGOTIATORS [Government Code 54957.6]</u> Agency designated representatives: General Manager Osborne and Counsel Roy Hanley Employee designated representative: San Luis Obispo County Employees' Association</p>
<p>3. PUBLIC COMMENT</p>	<p>Public Comment – Jeff Edwards opposed both a GM evaluation at this time and Item 2B.</p> <p>At this point in the meeting President Storm briefly adjourned the meeting following a disruption by Mr. Edwards and the Board left the dais; following a short break the Board returned to the dais and President Storm called for a roll call.</p> <p>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>Continuing Public Comment – Julie Tacker voiced her opposition to Items 2A and 2B.</p> <p>Lynette Edwards disagreed with the two previous speakers and voiced her support of the GM.</p>
<p>4. ADJOURN TO CLOSED SESSION</p>	<p>The Board adjourned to Closed Session at 6:48 p.m.</p>
<p>5. RECONVENE TO OPEN SESSION</p>	<p>The Board reconvened to Open Session at 7:14 p.m.</p> <p>The following Directors were present: Charles L. Cesena, Director Marshall E. Ochylski, Director Louis G. Tornatzky, Director Vicki L. Milledge, Vice President Jon-Erik Storm, President</p> <p>The following Staff were present: Renee Osborne, General Manager Roy Hanley, District Legal Counsel Josh Taylor, Battalion Chief, Station 15-South Bay Ann Kudart, Administrative Services Manager</p> <p>President Storm clarified that Agenda Item 11G should read Senate Bill 496 not Assembly Bill 496.</p>
<p>6. REPORT OUT OF CLOSED SESSION MEETING</p>	<p>Legal Counsel Hanley announced that there was no reportable action taken in Closed Session.</p>

AGENDA ITEM	DISCUSSION
<p>7. PUBLIC WORKSHOP Proposed Water Rate Increase</p>	<p>Director Cesena reported that the consultant study for the 2014 rate increase was based on a 5% conservation rate however the community conserved 25%-30% which has not allowed the District to meet revenue targets. The District is spending its reserves to keep up with the needed Capital Improvement Projects necessary as part of the Basin Management Plan.</p> <p>Director Ochylski reported that both the Finance Advisory and Utilities Advisory Committees unanimously recommended the District move forward with the rate increase. He reported that all our water comes from the underground aquifer, we do not have the ability to recharge our water facilities when it rains as other areas do and that we also continue to experience saltwater intrusion.</p> <p>Public Comment – Mike Byron and Steve Best commented on the cost to users in the lower tiers.</p> <p>Julie Tacker commented on the need for more education and publicity.</p> <p>Steve Best commented that the lower tiers were weighted unfairly.</p> <p>Yael Korin asked if the higher tiers consisted of higher number of persons in those households.</p> <p>Speaker Francis commented on the possibility of lifting the moratorium.</p> <p>Speaker Nick inquired as to the District's solution to the seawater intrusion.</p> <p>Director Ochylski responded that the long term plan is that we are not taking surface water supplies and relocating the wells from the west side of the basin to the east in order to abate the seawater intrusion.</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Speaker Nick commented on water credits for guesthouses.</p> <p>Steve Best opposed the Parks and Recreation Committee's dog park process.</p> <p>Julie Tacker commented on the lack of Board response to her recent letter to them; that the website does not reflect the record of the District accurately; and the lack of minutes in the agenda packet.</p>
<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. Parks and Recreation Advisory Committee Meeting Report</p> <p>H. Utilities Advisory Committee Meeting Report</p> <p>I. Finance Advisory Committee Meeting Report</p>	<p>Battalion Chief Taylor provided a summary of the March 2017 Fire Department activities as submitted in the agenda packet.</p> <p>Commander Voge, Coast Station, provided a report of the Sheriff Department's activities during the month of April 2017 with 163 calls for service.</p> <p>General Manager Osborne provided a report on the March 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 April 2017 as submitted in the agenda packet.</p> <p>Lynette Tornatzky reported on the April 27, 2017 LOCAC meeting. The Council welcomed two new members; heard a report from the County regarding the addition of bedrooms and bathrooms in Los Osos; reports on Land Use; the request of a development plan by Sea Pines to include a single family residence; and that the next meeting will be held May 25, 2017.</p> <p>Steve Vinson reported on the May 3rd Joint Mixer with Morro Bay; May 23rd Joint Mixer in Morro Bay; the trip to Tuscany on October 24th; and that the May 19th Festival of Flavor has been canceled.</p> <p>Director Tornatzky reported on the May 2nd Parks and Recreation Advisory Committee in which the Committee discussed the proposed dog park and the need to identify the key pieces in getting a good dog park to work.</p> <p>Director Cesena reported on the April 19th UAC meeting in which the Committee heard an update regarding the Water Rate Study Group and discussed outreach.</p> <p>Director Ochylski reported on the April 27th FAC meeting in which the Committee reviewed the warrants and finance reports and recommend approval by the Board; and provided comments regarding the mid-year budget adjustments.</p>

AGENDA ITEM	DISCUSSION
<p>J. Directors' Announcements of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</p> <p>K. Response to Previously Asked Questions</p>	<p>Vice President Milledge reported that she and Director Cesena attended the 2-day CSDA Leadership Academy.</p> <p>President Storm reported on his attendance at the 2017 Fiesta and Coronation Ball hosted by the Bay Osos Filipino Community Association and that on behalf of the SLO County Jewish Federation he and his son attended a Holocaust Memorial Ceremony at the State Capital with Assemblyman Cunningham and received an award on behalf of the late Irving Klein, who was a member of our community and a survivor of Auschwitz.</p> <p>None.</p>
<p>10. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</p>	<p>President Storm asked if a Director wished to pull an item from consent to be heard separately or tabled; Director Ochylski requested that Item 11H be tabled and Item 11I be pulled to be heard separately.</p> <p>Julie Tacker commented that mid-year adjustments should not have been placed on the agenda; historic data missing from the Utilities Department Report; would like Item 11E pulled for further discussion on purchasing a new rather than used generator; and was confused by the contract with Wallace Group for work on the tax rolls.</p>
<p>11. CONSENT AGENDA</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Meeting Minutes of April 11, 2017</p> <p>C. Approve Warrant Register for Disbursement for April 2017</p> <p>D. Receive Financial Reports for Period Ending March 31, 2017</p> <p>E. Authorize Purchase of a 2011 Multi-Quip DCA85 Generator</p> <p>F. Authorize Board President to Send Letter Support AB 457</p> <p>G. Authorize Board President to Send Letter Opposing SB 496</p> <p>H. Approve Mid-Year Budget Adjustments for Fiscal Year 2016/2017</p> <p>I. Approve Procedure for Remodel Permits During Stage III Water Emergency Declaration</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 11H to be tabled and Item 11I to be heard separately. The motion was seconded by Director Cesena and seeing no objections carried unanimously.</p>
<p>12. GENERAL ACTION ITEMS</p> <p>A. Review of Proposed Draft Budget for Fiscal Year 2017/2018</p>	<p>General Manager Osborne reported on the highlights of the draft working document and that staff is requesting direction from the Board. Regarding Fund 100, the GM and the Bookkeeper costs will be pulled from Professional Services and tracked separately and there will be a \$38,000 decrease in the fund; Fund 200 Property taxes have been allocated under Revenue and that the Water Crew will spend 5% of their time in Bayridge; Fund 400 Property taxes have also been allocated under Revenue; Fund 500 Revenue based on the structure provided by the Water Rate Study, estimated 65% of crew time spent in water, increase to Building and Structures due to 3rd Street repairs; Fund 800, estimated 30% of crew time to be spent in Drainage and Capital Outlay increase due to purchase and installation of pump and control panel at 8th Street; and increase in Legal fees in Fund 900 due to work on the dog park lease.</p> <p>Public Comment – Julie Tacker requested the final 16/17 budget numbers be part of the document; commented on the \$96,000 for GM Services; and should bill Parks and Recreation for time and materials only.</p> <p>The Board directed that the FY16/17 final budget numbers and the actuals be added to the 17/18 budget document.</p>

AGENDA ITEM	DISCUSSION
<p>13. DISCUSSION OF PULLED CONSENT ITEMS Agenda Item 11I. Approve Procedure for Remodel Permits During Stage Three Water Emergency Declaration</p>	<p>Legal Counsel Hanley reported on working with the County to change their process by asking for "confirmation of water service" instead of a "will serve" letter where a remodel of a unit is already being served water by the District. Staff can provide a letter confirming that service already exists for the property in question.</p> <p>Director Ochylski requested that the motion be amended to include "as long as no additional bedrooms are being proposed". Director Cesena agreed and is not ready to loosen up on restrictions.</p> <p>Public Comment – Julie Tacker commented that a bedroom adds potential for intensifying use and that this be brought to the Coastal Commission.</p> <p>Lynette Tornatzky commented on why this is not being addressed at the Basin Management Committee as all three water purveyors should follow the same procedure.</p> <p>Speaker Nick commented on his growing family's need more room and supports drilling new wells.</p> <p>Speaker Frances commented on the number of empty-nesters in her neighborhood.</p> <p>Yael Korin commented on the need for growth and affordable housing and that the discussion is irrelevant if there is no water.</p> <p>A motion was made by Director Ochylski that the Board direct staff to work with the County to no longer request "Will Serves" but instead requests confirmation of existing service and begin responding to requests for "will serves" with letters confirming that service already exists where appropriate. The motion was seconded by Vice President Milledge and seeing no objections carried unanimously.</p>
<p>14. FUTURE AGENDA ITEMS</p>	<p>None</p>
<p>15. CLOSING BOARD COMMENTS</p>	<p>Director Ochylski appreciated the discussion on the last item and thanked staff and the public for their input as well.</p> <p>Director Tornatzky thanked the Rate Study Group for their hard work, a job well done, and thanked Director Cesena for his Letter to the Editor.</p> <p>President Storm also thanked Director Cesena for his Letter to the Editor, the Rate Study Group's hard work, and the Committees, staff and public for their comments and recommendations.</p>
<p>16. ADJOURNMENT</p>	<p>The meeting adjourned at 9:09 p.m.</p>

**Los Osos Community Services District
DRAFT Minutes of the Special Meeting of October 12, 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 6:15 p.m. and led the flag salute.</p> <p>Roll Call: Charles Cesena, Director – Present Marshall Ochylski, Director – Present 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 Legal 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>REAL PROPERTY MATTERS (Government Code §54956.8)</u> Conference with Real Property Negotiator Property: APN 074-229-027 (a portion of the County Property on Palisades Avenue) Agency Negotiator: Renee Osborne, General Manager and Roy Hanley, District Counsel Negotiating Parties: San Luis Obispo County Instruction to Negotiator: Price and Terms of Lease</p>
<p>3. PUBLIC COMMENT</p>	<p>Public Comment – Julie Tacker commented on her issues and concerns regarding the dog park lease; opposed the recreation funds being used and that it is the County's job to provide dog parks.</p>
<p>4. ADJOURN TO CLOSED SESSION</p>	<p>The Board adjourned to Closed Session at 6:19 p.m.</p>
<p>5. RECONVENE TO OPEN SESSION</p>	<p>The Board reconvened to Open Session at 7:00 p.m. President Storm led the flag salute and asked for a moment of silence.</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 Greg Alex, Battalion Chief Jose Acosta, Utility Systems Manager Ann Kudart, Administrative Services Manager</p> <p>At this point in the meeting, President Storm announced that Item 11D and Item 11E were being removed from the Consent Agenda for review at the October 30th Finance Advisory Committee meeting.</p>
<p>6. REPORT OUT OF CLOSED SESSION MEETING</p>	<p>Legal Counsel Hanley announced that there was no reportable action from Closed Session.</p>
<p>7. PRESENTATIONS AND PUBLIC HEARINGS</p>	<p>None</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Julie Tacker commented on the Board's adoption of the FY17/18 Budget and specific direction to staff however it has not yet been brought back for review; and supported paying a full time accountant to keep eyes on how the money is being spent rather than more time for the GM.</p> <p>Steve Best commented on the Basin Management Committee discussion regarding discharging water into the aquifer; and his conversation with Kerry Brown regarding parks, bike trails, and the Community Plan.</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. Parks and Recreation Advisory Committee Report</p> <p>I. Financial Advisory Committee Report</p> <p>J. Response to Previously Asked Questions</p>	<p>Chief Alex reported on the wildfire incidents, announced the upcoming Needs 'N Wishes Holiday Fundraiser, Operation Santa Claus and Seasons of Hope Food Drive and provided a summary of the Fire Department activities for August 2017 as submitted in the agenda packet.</p> <p>Commander Voge provided a report of the Sheriff Department's activities during the month of September 2017 with 278 calls for service.</p> <p>Utility Systems Manager Acosta provided a report on the August 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 September 2017 as submitted in the agenda packet.</p> <p>Julia Oberhoff, Chairperson, reported on the items discussed by LOCAC at their September 28, 2017 LOCAC meeting.</p> <p>Steve Vinson reported on the Chamber's upcoming activities during the month of October 2017.</p> <p>Director Cesena reported on the September 20th UAC meeting in which the Committee was introduced to Utility Systems Manager Jose Acosta; heard an update of the Basin Management Committee meeting held earlier that afternoon; received a report from Mr. Acosta regarding upcoming Utilities Department projects; and that the next committee meeting will be held Wednesday, October 18th.</p> <p>Director Tornatzky reported that the Parks and Recreation Committee has been working over the last several months to define the best practices and policies of running a dog park in our community.</p> <p>Director Ochylski reported on the October 9th FAC meeting in which the Committee recommended Board approval of the September 2017 warrant register; discussed the August 2017 financial reports, Board Item 11D, and requested corrections and reformatting of the balance sheets before recommending that the Board receive and file; regarding Board Item 11E, the Committee requested that following their recommended edits that the document be brought back for review by the Committee before going to the Auditors; the Committee recommended the discussion regarding the remaining Water revenues from the 16/17 budget be referred to the Utilities Advisory Committee; and the Committee meeting has been moved from Thursdays before the Board meetings to the Monday before the Board meetings.</p> <p>Director Cesena reported on his attendance at CAPSLO in which he serves on the Advocacy Development Committee to increase the visibility of CAPSLO in the community.</p> <p>Director Ochylski reported on the Basin Management Committee meeting in which the Committee discussed funding and financing programs to support the Basin Plan implementation, discussed grant proposals, status of the zone of benefit analysis, an update on the lateral connections; an update on the status of the Basin Plan Infrastructure Projects; an update on Water Conservation Outreach Program; and an update regarding creek discharge monitoring.</p> <p>None</p>
<p>10. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</p>	<p>Director Storm asked if a Director wished to pull an item from the Consent Agenda. Director Cesena requested Item 11H be pulled and Item 11D and Item 11E were continued.</p> <p>Julie Tacker commented on the need to stop pumping at the Palisades Well; opposed the GM working on the Community Funds for sewer hookups; inquired as to the outcome of the recent claim by Jason Zatt; and supported a full-time, in-house accountant and part-time GM.</p> <p>Richard Margetson commented on the need for the accountant to be working full-time to clean up the major discrepancies still in the financials and the District's fiduciary responsibility to have clean financials.</p> <p>Steve Best commented that he was unaware the accountant was part-time and opposed spending more money on the GM.</p>

AGENDA ITEM	DISCUSSION
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11. CONSENT AGENDA
A. Receive Administrative and Committee Reports
B. Approve Meeting Minutes of September 7, 2017 and September 21, 2017
C. Approve September 2017 Warrant Register for Disbursement
D Receive Financial Reports for the Period Ending August 31, 2017
E. Receive Final Fiscal Year-End Report for 2016/2017 Budget
F. Adopt Resolution Authorizing the Issuance of a Credit Card to Utility Systems Manager Jose Acosta
G. Authorize Purchase of 8th Street Drainage Pump
H. Adopt Resolution Approving the Restated Contract between the LOCS and Grace Environmental Services for GM Services
I. Approve Revised Contract of Employment for LOCS Reserve Firefighters
J. Adopt Tentative Agreement between LOCS and SLOCEA for the Miscellaneous Employees Bargaining Unit through June 30, 2018

A motion was made by Director Ochylski to receive and file the Administrative and Committee Reports and to approve the items on the Consent Agenda with the exception of Item D, Item E and Item H. The motion was seconded by Director Cesena and carried with the following vote:

Ayes: Directors Ochylski, Cesena, Tornatzky, Milledge, Storm
Nays: Storm on Item J
Abstain: None
Absent: None

12. DISCUSSION OF PULLED CONSENT ITEMS
H. Adopt Resolution Approving the Restated Contract between the LOCS and Grace Environmental Services for GM Services

District Counsel Hanley provided a summary of the item as submitted in the agenda packet.

Public Comment – Julie Tacker opposed the process with no previous reportable action out of closed session meetings regarding this item and the need for a performance review of the GM.

Richard Margetson suggested the difference between the proposed contract and the current contract to pay the accountant until the District is on strong financial standing with respect to the documents provided that have a financial impact.

Steve Best commented on a need to see a change in the direction of the District.

Lynette Tornatzky supported approval of a full-time contract for the General Manager.

A motion was made by Vice President Milledge to adopt Resolution 2017-26 approving the restated contract between the District and Grace Environmental Services for General Manager Services. The motion was seconded by Director Tornatzky and carried with the following vote:

Ayes: Directors Milledge, Tornatzky, Ochylski, Storm
Nays: Cesena
Abstain: None
Absent: None

Director Ochylski reported that he voted yes with the qualifier that the accountant's hours are increased as necessary to get the District a clean financial report.

AGENDA ITEM	DISCUSSION
13. FUTURE AGENDA ITEMS	President Storm directed the CAPSLO program on Channel 20 and the increase of bookkeeper's hours be brought back to the Board if necessary.
14. CLOSING BOARD COMMENTS	<p>Director Ochylski thanked Fire for the recent Fire Safety Fair held for the community.</p> <p>Director Cesena announced the upcoming Needs 'N Wishes Fundraiser.</p> <p>Director Tornatzky commented the District getting better and moving forward.</p> <p>Vice President Milledge thanked Fire for their services.</p> <p>President Storm voiced his strong support of the Fire Department.</p>
15. ADJOURNMENT	The meeting adjourned at 8:48 p.m.

AGENDA ITEM 11B

**THE MINUTES OF OCTOBER 24, 2017
AND NOVEMBER 2, 2017
WERE UNAVAILABLE AT THE TIME OF
PUBLICATION AND WILL BE PROVIDED
UPON AVAILABILITY**

