



June 20, 2014, 2014

TO: LOCSD Board of Directors
FROM: Ann Kudart, Administrative/Accounting Assistant III
SUBJECT: **Agenda Item 11B – 7/3/2014 Board Meeting**
Approve Meeting Minutes of June 5, 2014

President
Craig V. Baltimore

Vice President
R. Michael Wright

Directors
Leonard A. Moothart
Marshall E. Ochylski
Jon-Erik G. Storm

General Manager
Kathy A. Kivley

Temporary District Accountant
Michael L. Doyel

Fire Chief
Robert Lewin

Battalion Chief
Phill Veneris

DESCRIPTION

Attached are minutes from the LOCSD Board of Directors Regular Meeting of June 5, 2014.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the Board approve the attached minutes.

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 meetings of June 5, 2014.

Attachment

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**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Regular Meeting of June 5, 2014**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>President Baltimore called the meeting to order at 6:01 p.m. and 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>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(a))</u> Conference with Legal Counsel Regarding Existing Litigation (Formally Initiated): - <i>In re Los Osos Community Services District (ND-06-10548)</i> United States Bankruptcy Court, Central District of California, Northern Division - <i>LOCSD v. Golden State et al</i> (Groundwater Adjudication), Case No. CV040126 (San Luis Obispo Superior Court)</p> <p>B. <u>REAL PROPERTY MATTERS (Government Code §54956.8)</u> Conference with Real Property Negotiator - Property: APN 038-251-027 Agency Negotiator: Kathy Kivley, District General Manager and Michael Seitz, Legal Counsel Negotiating Party: Verizon Communications Issue: Use of Property</p> <p>Public Comment – Lynette Tornatzky commented on her support for Item B with Verizon Communications.</p> <p>Richard Margetson commented on the Bankruptcy item; asked when there would be a report out of closed session of May 27, 2014; and the comment by Director Ochylski that the Chairs are not allowed to participate in committee discussions.</p> <p>The Board adjourned to Closed Session at 6:10 p.m.</p>
	<p>The Board reconvened to Open Session at 7:07 p.m. and President Baltimore led the flag salute.</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 Phill Veneris, Battalion Chief Dale Flynn, Interim District Accountant Margaret Falkner, Utility Compliance Technician Ann Kudart, Administrative/Accounting Assistant</p>
<p>6. RECEIVE REPORT OUT OF CLOSED SESSION</p>	<p>District Legal Counsel Seitz reported that the Board discussed the status of the ISJ and Bankruptcy but took no reportable action. In regards to Property Matters, the Board heard a report but took no reportable action.</p>
<p>7. PRESENTATIONS AND PUBLIC HEARINGS</p> <p>7A. Administer Firefighters Oath to New Station 15 Reserve Firefighters</p>	<p>General Manager Kivley presented the item. Battalion Chief Veneris introduced the Reserves and gave a brief history of their training. President Baltimore administered the oath to new Station 15-South Bay Reserve Firefighters Eric Gardley, Timothy Milkovich and Conner Smith. Members of the firefighter's families and CAL FIRE personnel came forward and pinned on their badges.</p>

AGENDA ITEM	DISCUSSION
<p>7B. Public Hearing on Proposed FY 2014/15 Budget</p>	<p>General Manager Kivley reported that the Finance Advisory Committee (FAC) requested reserve information be provided and is included in the packet and additional information in Fund 800 Drainage. Information concerning Unrestricted Reserves has been corrected and provided. Expenditure Reports are included as Exhibit C.</p> <p>Director Ochylski reported on the recommendations to the Board from the Finance Advisory Committee at their meeting of June 2, 2014.</p> <p>President Baltimore opened the Public Hearing to comments from the public:</p> <p>Julie Tacker commented on water consumption and revenue being down; opposes the District pursuing an outdoor conservation plan; opposes further expenditures on the Finance Authority; and, the District's deficit spending due to increased staff.</p> <p>Keith Swanson commented on the FAC concerns and solutions for a balanced budget including a loan to Vista de Oro from Solid Waste and reductions in Admin draws.</p> <p>Linde Owens commented on the Admin draws and supports a part-time General Manager; and water being the main responsibility of the District.</p> <p>Gretchen Clarke thanked the Board for their public service and supports the General Manager.</p> <p>Richard Margetson provided a markup of Fire 301 Fund Balance Analysis and commented on what he believes the fund balance should be.</p> <p>Al Barrow commented on the need to create a model for a balanced budget; Admin draws; and the need to raise water rates.</p> <p>President Baltimore closed the Public Hearing.</p> <p>The Board directed Staff to balance the deficits in Fund 200 Bayridge by reducing 6900 Maintenance-Infrastructure by \$4,747; Fund 500 Water reducing 8644 Disposal Services by \$50,000 and 7348 Water Conservation Program by \$17,920; Fund 600 Wastewater to be funded from Administrative Reserves; and, Fund 650 Solid Waste to be funded from current Solid Waste Reserves.</p> <p>Director Moothart moved that the Board adopt Resolution 2014-02 adopting the Fiscal Year 2014/2015 Final Budget as amended. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Moothart, Storm, Wright, Baltimore Nays: Ochylski Abstain: None Absent: None</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Julie Tacker commented on the Special Tax being adopted at a public hearing; Solid Waste Reserves were to be set aside for a dump station at the wastewater facility; and, water rate increases.</p> <p>Linde Owen commented on the need for a combined LOCAC and LOCSD meeting on the basin; possible solar panel at the Nitrate Removal Project to lower electric bills; supports a part-time General Manager position; and, the loss of Solid Waste franchise.</p> <p>Keith Swanson asked if Mid-Year budget changes were to be adopted with the previous item.</p> <p>Richard Margetson commented on the draw from the Wastewater fund; and no money available to balance the budget.</p> <p>Al Barrow commented on the need for a fiscally responsible District.</p> <p>Lynette Tornatzky commented on future policy discussions and thanked the staff for their hard work on the budget. She commented on interfund loans to Wastewater Project Studies.</p>

AGENDA ITEM	DISCUSSION
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p> <p>C. General Manager's Report</p> <p>D. LOCAC Report</p> <p>E. Emergency Services Advisory Committee (ESAC) Report</p> <p>F. Utilities Advisory Committee (UAC) Report</p> <p>G. Finance Advisory Committee (FAC) Report</p> <p>H. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences and Seminars</p>	<p>Battalion Chief Veneris reported on the Camp Cinder Program Cal Fire News Release and provided a handout. He provided a handout and reported on the Estero Bay Community Emergency Response Team Newsletter; and he provided a summary of the April 2014 report as submitted in the agenda packet.</p> <p>President Baltimore called for a break at this point in the meeting. The Board reconvened at 9:25 p.m.</p> <p>Utility Compliance Technician Falkner reported on April 2014 operations of the Utilities Department, providing a handout concerning the Integrated Regional Water Management (IRWM) Plan. The Public Draft IRWM Plan will be available on June 6, 2014 and public comment will close on Monday, July 7, 2014. Ms. Falkner reporting on water production and consumption, meter reading, and operations and maintenance of the water system. Crews upgraded service lines, changed out old stuck meters, assisted with a planned shut-down, and assisted with a hydrant installation. She reported on water conservation efforts by staff.</p> <p>General Manager Kivley reported that during the month of May 2014 she focused her efforts on the budget, Human Resources issues, risk management and insurance functions. She attended the County Board of Supervisors and reported that Los Osos is excluded from the Growth Management Ordinance and attended the Regional Water Quality Control Board meeting regarding potential cease and desist and notice of violation orders previously issued ; this item will be brought back in September. The District has received two Statements of Qualifications for the water conservation public information campaign from Barnett Cox and Associates and Verdin; these will be referred to UAC for selection.</p> <p>LOCAC Vice Chairperson Malykont reported on the May 22, 2014 meeting in which the Council heard reports from the Sheriff's Department, Highway Patrol, and Supervisor Gibson. County Planning Department reported on a workshop to be held on June 26, 2014 on reducing energy costs; the Council heard a presentation from the Los Osos Investment Group concerning property at LOVR and Pine Avenue; and comments from citizens concerning large groups of teens congregating at the Skate Park and Baywood Elementary School.</p> <p>Vice President Wright reported that at the May 20, 2014 ESAC meeting the Committee discussed and recommended Board adoption of the Reaffirmation of the Cooperative Fire Agreement and the purchase of a Zoll Heart Monitor and EZ-IO G# Intraosseous Infusion System. The Committee discussed Special Fire Tax and reviewed the FY14/15 budget and the April Fire Department Report. The next meeting of the ESAC will be held Tuesday, June 17, 2014.</p> <p>Director Moothart reported that at the May 14, 2014 UAC meeting the Committee heard updates on the Emergency Water Shortage Contingency Plan and the Outdoor Water Conservation Program. The Committee discussed the Will Serve Policy and Guidelines which will come to the Board at their July meeting. The next meeting of the UAC will be held Wednesday, June 11, 2014.</p> <p>Director Ochylski reported that in addition to the Budget discussion at the May 30, 2014 FAC meeting, the Committee reviewed the Warrants and recommended that the Board receive and file. The next meeting of the FAC will be held Monday, June 30, 2014.</p> <p>Vice President Wright reported on his attendance at the May 17, 2014 CAPSLO meeting and the discussion concerning the purchase of property for the Homeless Shelter on Prado Road and applying for a grant for Veterans Homeless and prevention program.</p> <p>Director Moothart reported that Staff attended the June 4, 2014 WRAC meeting. There was a presentation on various County programs including plumbing retrofit, wastewater ordinance, water supply assessments, outdoor water use, and no water export ordinance; and discussed the IRWM.</p> <p>Director Moothart and Director Storm attended the Chamber of Commerce Business Expo.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>Al Barrow commented that seawater intrusion continues in the Basin.</p> <p>Julie Tacker commented on the need for an anti-fracking letter from Board; the Verdin RFQ; the GM's report; and requested an update on the South Bay Well project.</p> <p>Keith Swanson commented on the need to address the revisions of the 13/14 budget; claims against the wastewater contractors; rate stabilization reserves; interfund loans addressed in the audit report; and possible bond refinancing.</p>

AGENDA ITEM	DISCUSSION
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR (continued)</p>	<p>Linde Owens commented on the decreases in water consumption and revenues and the need to begin the rate study.</p> <p>Richard Margetson disagrees with the Fire Fund Balance Analysis as presented in the Budget and provided a copy that he had adjusted.</p>
	<p>A motion was made by Director Ochylski to extend the meeting past 10:00 p.m. The motion was seconded by Vice President Wright. Without objection, President Baltimore called for a unanimous roll call, seeing no objections, the motion was approved.</p>
<p>11. CONSENT AGENDA A. Receive Administrative and Committee Reports B. Approve Meeting Minutes of May 1, 2014 and May 27, 2014 C. Receive Warrant Register for the Month of May 2014 D. Not Used E. Establish FY 2014/2015 Appropriations Limit F. Authorize Purchase of Zoll Heart Monitor and EX-IO G3 Intraosseous Infusion System G. Reaffirm CAL FIRE/SLO County Fire Department and LOCSO Cooperative Fire Protection Agreement and Update Schedules "A" through "E" to Reflect Changes in Services and Costs for FY 2014/15 as Provided in Paragraph 5 of the Cooperative Fire Agreement Amendment One H. Adopt Resolution Requesting Consolidation of District Biennial Election with the November 4, 2014 General Election</p>	<p>A motion was made by Director Ochylski to receive and file the Administrative Reports, the Committee Reports, and to approve the Consent Calendar. The motion was seconded by Vice President Wright and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Wright, Moothart, Storm, Baltimore Nays: None Abstain: None Absent: None</p>
<p>12. GENERAL ACTION ITEMS A. Vote on Proposed Updates to CSDA Bylaws</p>	<p>General Manager Kivley gave a brief summary of the report as submitted with the agenda packet. Director Ochylski, President of the SLO County Chapter of CSDA, reported that the Chapter supports the proposed amendments to the Bylaws as most are bookkeeping, cleanup, and clarification of the actual Chapters.</p> <p>Public Comment – None.</p> <p>A motion was made by Director Ochylski to cast a vote in favor of the proposed amendments to the CSDA Bylaws. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Storm, Moothart, Wright, Baltimore Nays: None Abstain: None Absent: None</p>

AGENDA ITEM	DISCUSSION
<p>12. GENERAL ACTION ITEMS (continued)</p> <p>B. Appoint Alternate Member on the Finance Advisory Committee</p>	<p>General Manager Kivley gave a summary of the item as submitted with the agenda packet.</p> <p>Public Comment – Linde Owen supported Al Barrow as the Alternate Member to FAC.</p> <p>Keith Swanson commented on Committee Chairs involvement in Committee discussions.</p> <p>Richard Margetson commented on Mr. Tornatzky's attendance at the last FAC meeting.</p> <p>President Baltimore appointed Louis Tornatzky to serve as Alternate Member.</p> <p>A motion was made by Director Moothart to confirm the appointment of Louis Tornatzky as the Alternate Member to the Finance Advisory Committee. The motion as seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Moothart, Storm, Ochylski, Wright, Baltimore 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>Vice President Wright requested a report of actual time/overtime spent on the Wastewater Project at a future meeting.</p>
<p>15. CLOSING BOARD COMMENTS</p>	<p>Director Ochylski reported on the upcoming June 20, 2014 CSDA Chapter meeting.</p> <p>Director Moothart thanked Staff for their hard work on the District's financials and Budget.</p> <p>Vice President Wright reminded the public of Camp Cinder being held June 26-29, 2014.</p> <p>President Baltimore appointed Director Storm to an Ad Hoc Committee to investigate possible funding for Community Parks and Recreation.</p>
<p>16. ADJOURNMENT</p>	<p>The meeting adjourned at 10:20 p.m.</p>