



President

Joe Sparks

Vice-President

Marshall Ochylski

Director

Chuck Cesena
Maria Kelly
Steve Senet

General Manager


Utilities Manager

George J. Milanés

Fire Chief

Matt Jenkins

June 4, 2009

TO: LOCSD Board of Directors
FROM: Karen Vega, Administrative Secretary 
SUBJECT: Agenda Item 5B – 06/04/09 Board Meeting
Approve Prior Board Meeting Minutes

SUMMARY

Attached are minutes from the Board meetings of May 7, 2009 and May 21, 2009.

RECOMMENDATION

Staff recommends that your Board approve these minutes.

Should the Board wish to amend these minutes, this item should be removed from the Consent Calendar to be considered separately.



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**Los Osos Community Services District
Board of Directors
Minutes of the Regular Meeting of May 7, 2009**

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP
<p>Call to Order/Roll Call</p>	<p>Vice President Ochylski called the meeting to order at 6:00 p.m. Roll Call: Director Cesena Present Director Kelly Present Director Senet Absent Vice President Ochylski Present President Sparks Absent</p> <p>Vice President Ochylski announced that the Board would adjourn to closed session for the following:</p> <p>PENDING LITIGATION (Government Code §54956.9(b).) Conference with District Counsel for Existing Litigation (Formally initiated): In re Los Osos Community Services District (ND-06-10548) United States Bankruptcy Court, Central District of California, Northern Division; LOCSD v. RWQCB (Case No. CV 0060633) in San Luis Obispo Superior Court; LOCSD v. Golden State et al. (Case No. 040126) San Luis Obispo Superior Court -- Groundwater Adjudication</p> <p>PERSONNEL (Government Code Section 54957) Conference with Labor Negotiator; District Designated Representatives: Mitch Cooney, Interim General Manager and Jon S. Seitz, District Counsel; Employee Organization: San Luis Obispo County Employees Association (SLOCEA); Utility Systems Manager Performance Review Pursuant to Employment Contract</p> <p>During public comment, <u>Aaron Ochs</u> spoke in opposition to settling of current litigation with Montgomery Watson Harza as a means of "shortlisting" MWH as potential choice to build County wastewater project. <u>Don Bearden</u> stated he had heard that George Milanese's employment contract would not be renewed, and if so, wanted to know who would take over his job. <u>David Duggan</u> reminded the Board that MWH was in charge when the wastewater construction bids came in way over budget, and in his opinion this needs to be taken into consideration regarding the pending litigation. He also stated his opinion that the District does not owe anything to the County or to MWH. <u>Gail McPherson</u> urged the Board not to settle with MWH before the County makes its final selection. <u>Lynette Tornatzky</u> urged the Board not to be afraid to do the right thing for Los Osos regarding settling of MWH litigation.</p> <p>President Sparks arrived at 6:05 p.m. Director Senet arrived at 6:15 p.m.</p> <p>The meeting adjourned to closed session at 6:15 p.m.</p>	

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP
1. Call to Order/Roll Call	President Sparks convened the meeting to open session at 7:05 p.m. Roll Call: Director Cesena Present Director Kelly Present Director Senet Present Vice President Ochylski Present President Sparks Present	
2. Receive Report Out of Closed Session on May 7, 2009	District Counsel Jon Seitz announced that the Board had discussed the bankruptcy and provided instructions to legal counsel, but took no reportable action. The Board had also heard an update on the RWQCB litigation, but took no reportable action. The Board did not discuss the Golden State litigation, but would be returning to closed session after the meeting to discuss this case. The Board completed Part 1 of its performance review of the Utility Systems Manager, which is confidential. However, Mr. Seitz stated that it was a favorable review. Regarding negotiations with SLOCEA, the Board heard an update from negotiator Jon Seitz and gave him further instructions, but there was no reportable action.	
3. Administrative and Committee Reports		
A. Administrative Reports		
1. District/CAL-FIRE Manager Report	A written report was submitted with the agenda packet. BC Veneris was absent do to his firefighting duties in Santa Barbara. Division Chief Nancy Kopernich reported that the annual hazard abatement inspections begin in May, with a June 1 deadline. Limited funds are available to assist property owners with abatement costs, funded through the Garbagemen's Association. She also commented on the precautions to take to prevent contracting the H1/N1 (Swine Flu), and provided the local phone number for County Public Health if anyone has questions.	
2. District Utility Manager Report	A written report was submitted with the agenda packet. George Milanese also commented on the upcoming Waterfest on 6/20/09 at Morro Rock, announcing that forms were on the table for those interested in volunteering for this event.	
3. District General Manager Report	No report.	
B. Committee Reports		
1. LOCSD Standing Advisory Committee and Ad Hoc Committee Reports	Director Kelly reported that the 4/8/09 WAC report was submitted with the agenda packet. She reported on status of SPO Ad Hoc Committee, stating that all Directors will receive Board training from District Counsel Jon Seitz, and that she will be meeting with a facilitator the following week and report back to the Board on 5/21/09. She also reported on status of her work with Director Cesena on the Ad Hoc Affordability Committee, stating that they had developed a framework to solicit community input. They will be meeting with County public works staff and will report back to the Board. They also had been in contact with the SLO County Community Foundation, and had received a copy of the letter of intent from Morro Bay NEP regarding their donation to the Los Osos low-income assistance fund at the Foundation.	

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP										
<p>1. LOCSD Standing Advisory Committee and Ad Hoc Committee Reports (continued)</p>	<p>Vice President Ochylski asked Richard Margetson to report on the recent Fire Department outreach assistance regarding the Maxine Lewis Shelter Fundraiser, which included auctioning off a "Day with the Local Firefighters", in which our firefighters drove a fire engine to pick up the winning 5-year-old from school and take him to the fire station for the day. He also reported on status of US Fish and Wildlife/Fence Ad Hoc Committee, stating he had met twice previously with Julie Vanderweir of USF&W. She will return to Los Osos on 5/28/09 and schedule a site visit on that date to inspect the fence situation.</p> <p>President Sparks stated that the 4/20/09 FAC meeting report had been previously submitted. The next meeting scheduled for 5/18/09 will be discussion of the FY09-10 budget.</p>											
<p>2. Director Reports on Attendance at Other Agency Committee Meetings</p>	<p>Director Kelly stated she will provide a report for the 5/21/09 meeting.</p>											
<p>4. Consent Calendar</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Prior Meeting Minutes 1. April 16, 2009</p> <p>C. Receive Warrant Register for March 27, 2009 – April 30, 2009</p> <p>D. Receive Financial Statements for Period Ending March 31, 2009</p> <p>E. Appointment of Ad Hoc Committee to Meet with Utility Systems Manager Concerning Work Objectives</p> <p>F. Addendum X to Commercial Lease Agreement</p>	<p>Item 4E was pulled for separate consideration.</p> <p>During public comment on the Consent Calendar, <u>Richard Margetson</u> commented on what he believed were continuing discrepancies between consumption and revenue data submitted with the Utility Manager report. He stated he was concerned about a budget shortfall next year due to reduced water revenues, that the District needed to implement rate stabilization measures and to factor in the possible loss of revenues from the middle school. He also urged the Board to allow more than one opportunity for public comments during any Strategic Planning session. <u>Frank Ausilio</u> asked the Board to post the recent WRAC letter to the County Board of Supervisors regarding the Los Osos wastewater project on the District website and make copies available at the District office. He asked if the District would send a representative to attend the RWQCB meeting on 5/8/09, and also asked if the District's Water Advisory Committee would be involved with developing the basin plan per the ISJ. <u>David Duggan</u> commented on the need for clarification of the District's drainage fund. <u>Leon Goldin</u> asked the Board to put the WRAC letter on the District website as soon as possible due to the importance of public comment to the public process.</p> <p>A motion was introduced by Vice President Ochylski to approve Agenda Items 4A, 4B, 4C, 4D, and 4F. The motion was seconded by Director Senet.</p> <p>Roll Call Vote:</p> <table data-bbox="545 1648 1333 1795"> <tr> <td>Vice President Ochylski</td> <td>Yes</td> </tr> <tr> <td>Director Senet</td> <td>Yes</td> </tr> <tr> <td>Director Cesena</td> <td>Yes</td> </tr> <tr> <td>Director Kelly</td> <td>Yes</td> </tr> <tr> <td>President Sparks</td> <td>Yes</td> </tr> </table> <p>The motion was approved with five (5) affirmative votes.</p>	Vice President Ochylski	Yes	Director Senet	Yes	Director Cesena	Yes	Director Kelly	Yes	President Sparks	Yes	
Vice President Ochylski	Yes											
Director Senet	Yes											
Director Cesena	Yes											
Director Kelly	Yes											
President Sparks	Yes											

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP
<p>4. Consent Calendar (continued)</p>	<p>During public comment on Agenda Item 4E, <u>David Duggan</u> spoke in support for George Milanes. <u>Gewynn Taylor</u> asked who would represent the District at the RWQCB meeting. <u>Julie Tacker</u> commented on the need to make a public announcement regarding elimination of any staff position. <u>Leon Goldin</u> spoke against creating an Ad Hoc Committee, and recommended that the Interim General Manager meet with the Utility Manager. <u>Bruce Payne</u> asked who would be replacing George Milanes. <u>Richard Margetson</u> spoke in support for the Ad Hoc Committee.</p> <p>President Sparks appointed himself and Vice President Ochylski to the Ad Hoc Committee to meet with the Interim General Manager and the Utility Systems Manager and to provide a written report no later than 6/1/09 for inclusion in the Board packet for the meeting on 6/4/09.</p>	
<p>General Public Comment</p>	<p>President Sparks read into the record a letter from <u>Frank Ausilio</u> written to Roger Briggs of the RWQCB requesting additional speaking time at the 5/8/09 meeting and Briggs' response. <u>Julie Tacker</u> stated her opinion that the County Wastewater Project TAC had not included Tonnini as a possible waste disposal site during the pro/con analysis, and that there had been a rush in the WRAC's approval of the letter sent to the Board of Supervisors regarding the WRAC subcommittee report on the Los Osos wastewater project. <u>Frank Ausilio</u> commented on past seawater intrusion studies such as the 1973 Department of Water Resources study and the recent District seawater intrusion study by Cleath. He urged the Board to push for a basin-wide Prop 218 vote to fund seawater intrusion mitigation costs. <u>Aaron Ochs</u> commented on Montgomery Watson Harza's current litigation with the District and its "shortlist" position on list of firms for the County's wastewater project. He urged the Board not to settle with MWH or to promote or push MWH's selection for the project. <u>Jerri Walsh</u> stated her opinion that Paavo Ogren had a conflict of interest related to Montgomery Watson Harza, and read from Bruce Buel's memo regarding the 1999 District contract with MWH. <u>Leon Goldin</u> urged the Board to represent the people of Los Osos, and not be cheerleaders for the County project. <u>Martha Goldin</u> commented on the upcoming RWQCB meeting with update on the Los Osos wastewater project, stating her opposition to throwing away treated effluent on the Tonnini site outside of our water basin. <u>David Duggan</u> stated his concern that the County would never back down on the proposed Tonnini site with spray fields. <u>Bruce Payne</u> commented on the District's litigation with the SWRCB for its refusal to allow a change order on the SRF loan to re-site the treatment facility. <u>Gewynn Taylor</u> stated that the County has known about Los Osos seawater intrusion since the 1970's, and that the ISJ is not protecting the community from increased seawater intrusion. <u>Ben DiFatta</u> stated his opinion that the County TAC had studied only gravity systems and not alternative collection systems. He spoke in opposition to Montgomery Watson Harza and the County project, stating his concern that many thousands of residents would be forced out due to the cost of a gravity system. <u>Richard Margetson</u> commented on the pre-dating of the MWH contract.</p>	

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP
Closing Board Comments	Director Kelly asked the community to refrain from making personal attacks or character assassination when commenting on the wastewater project process, and instead stick to the facts. Director Cesena stated he had lost faith and confidence in the County process. Director Senet stated that the County process should be expanded to include evaluation of ponds and to address the economic and sustainability issues. Vice President Ochylski stated there was a need to address water rates and expressed concern about the possible future loss of school district water revenues. He also announced the next ESAC meeting would be on 5/20/09. President Sparks spoke in support for AB2701 and the County taking over the wastewater project.	
Adjournment	The meeting was adjourned to closed session at 9:00 p.m.	

**Los Osos Community Services District
Board of Directors
Minutes of the Special Meeting of May 21, 2009**

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP
Call to Order/Roll Call	President Sparks called the meeting to order at 6:05 p.m. Roll Call: Director Cesena Absent Director Kelly Present Director Senet Present Vice President Ochylski Present President Sparks Present	
Announcement of Closed Session Items, Public Comments on Closed Session Items, and Convening of Closed Session	President Sparks announced that the Board would convene to closed session for the following: PENDING LITIGATION (Government Code §54956.9(b).) Conference with District Counsel for Existing Litigation (Formally initiated): In re Los Osos Community Services District (ND-06-10548) United States Bankruptcy Court, Central District of California, Northern Division; LOCSD et al v. American Alternative Insurance Corporation (Case No. CV 08-01279) in Federal Court; Montgomery Watson Harza (MWH) v. LOCSD (Case No. CV060122) San Luis Obispo Superior Court; LOCSD v. RWQCB (Case No. CV 0060633) in San Luis Obispo Superior Court; LOCSD v. Golden State et al. (Case No. 040126) San Luis Obispo Superior Court -- Groundwater Adjudication PERSONNEL (Government Code Section 54957) Conference with Labor Negotiator; District Designated Representatives: Mitch Cooney, Interim General Manager and Jon S. Seitz, District Counsel; Employee Organization: San Luis Obispo County Employees Association (SLOCEA); Utility Systems Manager Performance Review Pursuant to Employment Contract During public comment, <u>Don Bearden</u> asked how the District intended to fulfill the job duties of the Utility Systems Manager. The Board convened to closed session at 6:10 p.m.	
1. Call to Order/Roll Call	President Sparks convened the meeting to open session at 7:00 p.m. Roll Call: Director Cesena Absent Director Kelly Present Director Senet Present Vice President Ochylski Present President Sparks Present	
2. Receive Report Out of Closed Sessions on May 7, 2009 and May 21, 2009	District Counsel Jon Seitz announced the following: The Board had adjourned to closed session following the meeting on May 7, 2009 to discuss the Golden State litigation. The Board heard an update from legal counsel but took no reportable action. At the closed session on May 21, 2009, the Board discussed the labor negotiations with SLOCEA, heard an update from the negotiators, provided further instructions, but took no reportable actions. The Board met with the Utility Systems Manager regarding his performance review, but took no reportable actions. Pending litigation will be discussed when the Board adjourns again to closed session following this open session meeting.	

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP
<p>3. Presentation to Board of Directors of Two Awards Received from Central Coast Chapter American Public Works Association for Los Osos Hydro pneumatic Zone Expansion Project and Los Osos Water System Project Contract 10</p>	<p>On behalf of the Board, President Sparks showed the audience the two framed certificates. These had been presented at a recent awards ceremony attended by District Utility Systems Manager George Milanes. The awards were in recognition of two of the recently completed. District water system capital improvement projects.</p>	
<p>4. Committee Reports</p>		
<p>A. LOCSO Standing Advisory Committee and Ad Hoc Committee Reports</p>	<p>Director Kelly stated that her written report for the 5/13/09 WAC meeting was submitted with the Board packet. This meeting had included discussion of the school district's water use. The SPO Ad Hoc Committee report is as submitted with the agenda packet. The scheduled SPO session will be held at the District office. Vice President Ochylski stated that there was no written report yet for the 5/20/09 ESAC meeting, but he will have one for the 6/4/09 meeting. President Sparks stated that the upcoming FAC meeting on 5/26/09 would include discussions of the audit and the draft budget.</p>	
<p>B. Director Reports on Attendance at Other Agency Committee Meetings</p>	<p>Director Kelly stated that her written report for the May WRAC meeting was submitted with the Board packet. President Sparks reported that the Ad Hoc Utility Systems Manager Committee had met on Saturday, 5/16. Director Kelly asked that Vice President Ochylski attend the June WRAC meeting in her absence.</p>	
<p>5. Consent Calendar</p>	<p>Agenda Items 5D and 5E were pulled for separate discussion.</p>	
<p>A. Receive Committee Reports</p> <p>B. Approve Proposals to Amend District Engineer Agreement to Add Engineering Services for Preparation of FY2009-10 Tax Rolls</p> <p>C. Review of the District's Current Water Rate Structure</p> <p>D. Approve "No" Vote on Assessment Ballots of District-Owned Properties for the Proposed San Luis Obispo County Mosquito, Vector and Disease Control Program and Authorize Interim General Manager to Execute Ballots</p> <p>E. Approval of Funding for Strategic Planning</p>	<p>During public comment on the consent calendar, <u>George Taylor</u> asked about the cost for the SPO session. <u>Frank Ausilio</u> asked questions related to the safe yield study and if there would be sufficient public review before being presented to the Board. He urged the Board to address Paavo Ogren's letter and comments regarding ag exchange for the wastewater project with WRAC. <u>Gewynn Taylor</u> stated that the community should have information on the resumé and qualifications for the proposed strategic planning facilitator. <u>Julie Tacker</u> commented on the status of the "Ad Hoc" Committees, particularly the Parks and Recreation Ad Hoc Committee headed by Vice President Ochylski. Regarding the Ad Hoc Affordability Committee, she recommended that staff prepare an update on the low-income assistance funds held by the SLO Community Foundation. <u>David Duggan</u> stated his opinion that the water purveyor cooperative efforts will take time. Issue of sprayfields for the wastewater project need to be fully addressed, and ownership claims on treated water should be handled through the ISJ. He stated that grants may be available to pay for related studies. <u>Chris Allebe</u> asked for more information on Brad Isaacs, the facilitator proposed for the SPO session. <u>Richard Margetson</u> commented on the 5/20/09 ESAC meeting regarding increasing the special fire tax, stating he was opposed to the 4.8% increase since the CAL-FIRE contract will only increase by one-half of one percent. <u>Susan Shaw</u>, former FAC member, urged the Board to stress water conservation</p>	

AGENDA ITEM	DISCUSSION OR ACTION	FOLLOW-UP
<p>Consent Calendar (continued)</p>	<p>A motion was introduced by Vice President Ochylski to approve Agenda Items 5A, 5B, and 5C. The motion was seconded by Director Kelly.</p> <p>Roll Call Vote:</p> <p>Vice President Ochylski Yes Director Kelly Yes Director Senet Yes President Sparks Yes</p> <p>The motion was approved with four (4) affirmative votes.</p> <p>During public comment on Agenda Item 5D, <u>David Duggan</u>, <u>Alon Perlman</u>, and <u>Frank Ausilio</u> spoke in support for staff recommendation. <u>Richard Margetson</u> recommended waiting until the full Board was present before taking a vote.</p> <p>A motion was introduced by President Sparks to support staff recommendation to vote "NO" on the ballots received and to direct the Interim General Manager to complete the ballots and forward to the County for counting. The motion was seconded by Director Kelly.</p> <p>President Sparks Yes Director Kelly Yes Director Senet No Vice President Ochylski No</p> <p>The motion failed with only two (2) affirmative votes.</p> <p>This agenda item was continued to the 6/4/09 Board meeting.</p> <p>During public comment on Agenda Item 5E, <u>Julie Tacker</u> provided a history of previous SPO sessions, and recommended that the Board no hire a facilitator, but use staff to facilitate. <u>Richard Margetson</u> asked if there were sufficient funds in the line item for Director Compensation. <u>Chris Allebe</u> spoke in opposition to hiring a facilitator. <u>Jan Harper</u> spoke in support for staff recommendation.</p> <p>A motion was introduced by Vice President Ochylski to approve staff recommendation to authorize an amount not-to-exceed \$2,000 to be allocated for the expenses associated with the June 6, 2009 Strategic Planning Session to be allocated from Budget Unit 100, Administration, Account 7322, Directors Compensation. The motion was seconded by Director Senet.</p> <p>Roll Call Vote:</p> <p>Vice President Ochylski Yes Director Senet Yes Director Kelly Yes President Sparks No</p> <p>The motion was approved with three (3) affirmative votes.</p>	
<p>Closing Board Comments</p>	<p>Vice President Ochylski stated his belief that the District should have a representative at the SLO Planning Commission meeting on 5/28/09. President Sparks asked him to attend on behalf of the Board.</p>	
<p>Adjournment</p>	<p>The Board adjourned to closed session at 8:50 p.m.</p>	