

**Los Osos Community Services District  
Minutes of the Special Finance Advisory Committee Meeting  
May 22, 2018 at 5:30 p.m. at the District Office**

AGENDA ITEM	DISCUSSION	FOLLOW-UP
<p><b>1. Call to Order, Flag Salute and Roll Call</b></p>	<p>Chairperson Ochylski called the meeting to order at 5:30 p.m. and led the flag salute.</p> <p><u>Roll Call:</u>            Lisa Gonzalez, Committee Member – Present            Cheri Grimm, Committee Member – Present            Bea Jansen, Committee Member - Absent            Marshall Ochylski, Chairperson – Present</p> <p><u>Staff:</u>            Renee Osborne, General Manager            Greg Alex, Battalion Chief            Jose Acosta, Utility Systems Manager            Ann Kudart, Administrative Services Manager</p>	
<p><b>2. Review of Board Item Regarding Draft Fiscal Year 2018/2019 Budget</b></p> <p style="padding-left: 40px;"><b>Fund 301 – Fire</b></p> <p style="padding-left: 40px;"><b>Fund 100 – Administrative</b></p> <p style="padding-left: 40px;"><b>Fund 200 – Bayridge</b></p> <p style="padding-left: 40px;"><b>Fund 400 – Vista de Oro</b></p>	<p>General Manager Osborne requested that Fund 301 be heard at this time and that an updated Fund 301 budget was provided for the Committee members and copies were available to the public.</p> <p>Battalion Chief Alex was pleased to present a balanced budget. He reported that in 2018/19 the level of service will remain at four firefighters on duty each day; that a command vehicle will be purchased at approximately \$80,000; due to new State codes Self-Contained Breathing Apparatus will be purchased to meet these regulations; have received approximately \$40,000 in grant funding; that the new Medic Rescue came out of this budget; the purchase of a rescue paddle board and wetsuits; that revenues are equaling debits; and, that CalPERS, minimum wages, and our Cal Fire contract are all going up.</p> <p>Public Comment – Richard Margetson commented that the budget should have been reviewed by ESAC to catch errors; Line Items 4505 and 4510 are incorrect; that the CPI increase is not included; and, that a Vehicle Replacement Schedule is usually included with the Fire budget.</p> <p>General Manager Osborne reported staff will review the numbers on the revenue side, will include the Balance Sheet; and a schedule of the sinking funds will be included.</p> <p>General Manager Osborne reported that staff has reviewed all utilities invoices and service contracts; that improvements to staff work areas will be completed; and that 100% of Admin is paid through allocation from the other funds.</p> <p>Public Comment – None</p> <p>General Manager Osborne reported that there will be no staff time associated with this fund; that this fund owes Water \$125,000 for first phase repairs and upgrades to the collection system and can begin paying down this loan. She reported that there are 12 septic tanks that will need to be decommissioned and staff is in the process of getting bids.</p> <p>Public Comment – Richard Margetson recommended paying the loan out of reserves and any surplus at the end of the year; and would the decommissioning qualify for County rebates.</p> <p>Linde Owen supported the decommissioned tanks being repurposed for rainwater collection.</p> <p>General Manager Osborne reported that there will be no staff time associated with this fund; and, that this fund owes Water \$30,000 for first phase repairs and upgrades to the collection system and, per the Auditor, the assessments should be able to pay back the loan.</p>	

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Fund 400 – Vista de Oro (continued)	Public Comment – Richard Margetson commented that Vista do Oro voted down the last assessment.	
Fund 500 – Water	General Manager Osborne reported that the recommended changes from UAC have been made; that Line Item 4504 will be zeroed as it is a duplicate of 4510; that staff has reviewed all utilities invoices and service contracts; and, the CIP journal entries	
	Utility Systems Manager Acosta reported on FY 18/19 projects including the meter replacement program; completion of 8 <sup>th</sup> Street Well, Phase 2 project; the construction of a new water yard utility building; repair of the District's excavator; and, the purchase of a value exercising equipment.	
	Public Comment – Linde Owen supported review of the budget at the committee level.	
	Richard Margetson commented on Water Rate Subcommittee discussion's regarding revenues exceeding consumption, reserve balances, and the possibility of reducing the water rates as we are exceeding expectations.	
Fund 600 – Wastewater	General Manager Osborne reported that the fund incurs small miscellaneous costs and that some expenditures are still going through the fund relating to old items and the only revenue coming in is the assessment admin fee which pays back the bond reserve per the bankruptcy agreement.	
	Public Comment – Richard Margetson questioned how the fund has a \$144,000 negative balance if it is a pass-through fund and the admin fee covers the costs.	
	General Manager Osborne reported that she will discussed the negative balance with the Auditor and bring back an accounting of the fund at a future FAC meeting.	
Fund 800 – Drainage	General Manager Osborne reported that staff is requesting the Board approve the 12.5% Zone A allocation of \$29,957.75 be dedicated to Drainage this year to address several issues which require attention. UAC agreed with the concept but deferred the decision to FAC.	
	Utility Systems Manager Acosta reported on the infrastructure improvements needed to upgrade the panels at Don and Mitchell Drainage facility with an estimated cost of \$20,000; replacement of the pump and panel at Bayridge Drainage facility; and, the replacement of both the large and small pumps at the 16 <sup>th</sup> Street Drainage facility at an estimated cost of \$65,000.	
	Public Comment - Richard Margetson commented on UAC's request for staff to provide an updated CIP list of Drainage projects the need for the Board discussion regarding the 12.5% allocation to Drainage or Fire.	
Fund 900 – Parks and Recreation	General Manager Osborne reported that revenue comes from interest and that there is approximately \$259,000 in this fund's reserves. She reported that the Parks and Recreation Committee are working on the dog park lease.	
	Public Comment – Richard Margetson asked where the Park funds are being held and General Manager Osborne responded that she believed the funds are being held in LAIF.	
	<b>Committee Member Grimm recommended that the Board approve the 12.5% allocation this year to Drainage based on the proposed list of projects. The motion was seconded by Committee Member Gonzalez and carried by unanimous consent.</b>	
12. Adjournment	The meeting adjourned at 6:45 p.m.	