

**Los Osos Community Services District  
Minutes of the Regular Meeting of May 4, 2017**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/SILENT OBSERVANCE/ROLL CALL</b></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><b>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</b></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><b>3. PUBLIC COMMENT</b></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><b>4. ADJOURN TO CLOSED SESSION</b></p>	<p>The Board adjourned to Closed Session at 6:48 p.m.</p>
<p><b>5. RECONVENE TO OPEN SESSION</b></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><b>6. REPORT OUT OF CLOSED SESSION MEETING</b></p>	<p>Legal Counsel Hanley announced that there was no reportable action taken in Closed Session.</p>

AGENDA ITEM	DISCUSSION
<p><b>7. PUBLIC WORKSHOP Proposed Water Rate Increase</b></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><b>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b></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><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS</b></p> <p><b>A. Fire Department Report</b></p> <p><b>B. Sheriff Department Report</b></p> <p><b>C. Utilities Department Report</b></p> <p><b>D. General Manager Report</b></p> <p><b>E. Los Osos Community Advisory Council (LOCAC)</b></p> <p><b>F. Los Osos/Baywood Park Chamber of Commerce Report</b></p> <p><b>G. Parks and Recreation Advisory Committee Meeting Report</b></p> <p><b>H. Utilities Advisory Committee Meeting Report</b></p> <p><b>I. Finance Advisory Committee Meeting Report</b></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 3<sup>rd</sup> Joint Mixer with Morro Bay; May 23<sup>rd</sup> Joint Mixer in Morro Bay; the trip to Tuscany on October 24<sup>th</sup>; and that the May 19<sup>th</sup> Festival of Flavor has been canceled.</p> <p>Director Tornatzky reported on the May 2<sup>nd</sup> 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 19<sup>th</sup> 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 27<sup>th</sup> 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><b>J. Directors' Announcements of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</b></p> <p><b>K. Response to Previously Asked Questions</b></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><b>10. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</b></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><b>11. CONSENT AGENDA</b></p> <p><b>A. Receive Administrative and Committee Reports</b></p> <p><b>B. Approve Meeting Minutes of April 11, 2017</b></p> <p><b>C. Approve Warrant Register for Disbursement for April 2017</b></p> <p><b>D. Receive Financial Reports for Period Ending March 31, 2017</b></p> <p><b>E. Authorize Purchase of a 2011 Multi-Quip DCA85 Generator</b></p> <p><b>F. Authorize Board President to Send Letter Support AB 457</b></p> <p><b>G. Authorize Board President to Send Letter Opposing SB 496</b></p> <p><b>H. Approve Mid-Year Budget Adjustments for Fiscal Year 2016/2017</b></p> <p><b>I. Approve Procedure for Remodel Permits During Stage III Water Emergency Declaration</b></p>	<p><b>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 11I. The motion was seconded by Director Cesena and seeing no objections carried unanimously.</b></p>
<p><b>12. GENERAL ACTION ITEMS</b></p> <p><b>A. Review of Proposed Draft Budget for Fiscal Year 2017/2018</b></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 3<sup>rd</sup> 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 8<sup>th</sup> 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><b>13. DISCUSSION OF PULLED CONSENT ITEMS</b>  <b>Agenda Item 11I. Approve Procedure for Remodel Permits During Stage Three Water Emergency Declaration</b></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><b>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.</b></p>
<p><b>14. FUTURE AGENDA ITEMS</b></p>	<p>None</p>
<p><b>15. CLOSING BOARD COMMENTS</b></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><b>16. ADJOURNMENT</b></p>	<p>The meeting adjourned at 9:09 p.m.</p>