

**Los Osos Community Services District
Board of Directors
Minutes of the Regular Meeting of May 2, 2013**

AGENDA ITEM	DISCUSSION OR ACTION
1. CALL TO ORDER/FLAG SALUTE/ROLL CALL	<p>President Moothart called the Closed Session Meeting to order at 6:02 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Marshall Ochylski, Director – Arrived at 6:03 p.m. David Vogel, Director - Present Michael Wright, Director - Absent Craig Baltimore, Vice President - Present Leonard Moothart, President - Present</p> <p>The following Staff were present: Margaret Falkner, Interim General Manager Michael Seitz, District Legal Counsel Ann Kudart, Administrative Secretary</p>
2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION	<p>District Legal Counsel Seitz announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>PENDING LITIGATION (Government Code, §54956.9(a).)</u> - <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. CV04012 (San Luis Obispo Superior Court) - <i>Corr Family Properties v. Los Osos Community Services District</i>, San Luis Obispo Superior Court, Case No. CV110674 (Cross-Complaint)</p> <p>B. <u>PERSONNEL (Government Code §54957)</u> - Conference with Labor Negotiator District Negotiators: Vice President Baltimore and Director Vogel Employee Organization: San Luis Obispo County Employees Associations</p>
3. PUBLIC COMMENT	Public Comment: None
4. ADJOURN TO CLOSED SESSION	The Board adjourned to Closed Session at 6:04 p.m.
5. RECONVENE TO OPEN SESSION	<p>The Board reconvened to Open Session at 7:06 p.m. and President Moothart led the flag salute.</p> <p><u>Roll Call:</u> Marshall Ochylski, Director – Present David Vogel, Director – Present Michael Wright, Director – Absent Craig Baltimore, Vice President – Present Leonard Moothart, President – Present</p> <p>The following Staff were present: Margaret Falkner, Interim General Manager Michael Seitz, District Legal Counsel Ampy Haber, District Accountant Phill Veneris, Battalion Chief, Station 15-South Bay Ann Kudart, Administrative Secretary</p>
6. RECEIVE REPORT OUT OF CLOSED SESSION OF MAY 2, 2013	<p>Deputy District Counsel Seitz reported that the Board heard reports from Legal Counsel on each of the three Pending Litigation cases, but took no reportable action.</p> <p>In regards to the Conference with Labor Negotiators, the Board heard a report but took no reportable action.</p>
	<p>At this time, Richard Margetson announced the upcoming People Helping People Annual Garage Sale on May 17 and 18, 2013. The Garage Sale will be held at the Community Center and will benefit People Helping People, the South Bay Community Center and also the homeless fundraiser.</p>

AGENDA ITEM	DISCUSSION
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<p>7. PRESENTATION LOCSD Wastewater- Assessment District #1 Limited Obligation Improvement Bonds</p> <p>12 D. Adopt Resolution to Commence Proceedings Relative to the Early Redemption of the 2002 Wastewater Improvement Assessment Bonds</p>	<p>President Moothart announced that General Action Item 12D would be heard immediately following the Presentation. He introduced Mr. Bud Levine and Mr. Edmund Viray of Wulff, Hansen & Company.</p> <p>Mr. Levine reported that because of historically low interest rates an opportunity exists to refund the existing bonds and lower the debt service or refund the existing bonds, lower the debt service slightly and produce new project money. A Summary of the proposed restructuring of the 2002 bonds along with a table of projected annual savings was provided. The 2002 bonds are only callable twice a year, the bonds need to be completed and closed by August 1 due to a 30-day call notice for the old bonds with a call date of September 2 or wait until March 2, 2014.</p> <p>Interim General Manager Falkner gave a brief report on the item requesting the Board adopt the resolution to commence the proceedings relative to the early redemption of the 2002 Wastewater bonds.</p> <p>Public Comment: Julie Tacker commented that this item should have previewed at the recent Finance Advisory Committee. She commented that the money was Prohibition Zone (PZ) money and any project would have to be PZ specific and how would keeping it just to the PZ be accomplished.</p> <p>Al Barrow thanked Mr. Levine for the presentation and commented that it is ratepayers debt and the ratepayers should benefit, not the District.</p> <p>Don Bearden commented that he would like to see the \$600,000 go to lower the payments for those in the Prohibition Zone.</p> <p>Linde Owen commented that the money should be used to buy back the Solid Waste franchise through the bankruptcy or a project that benefits those in the PZ that are paying the original bond.</p> <p>Keith Swanson asked if there could be a refinance without a cash out. He commented that this should have been discussed at the Finance Advisory Committee and any savings should go back to the ratepayers.</p> <p>Martha Goldin agreed that the Finance Advisory Committee should have reviewed this item; inquired as to why the money was going to the District and not back to the ratepayers; asked what the relationship is between the \$600,000 and the bankruptcy, would the money go into the bankruptcy. She believes the District should take time reviewing this item and not rush to judgment.</p> <p>Lynette Tornatzky requested clarification on Mr. Levine's statement that the ratepayer would be paying the same assessment or a little less.</p> <p>Len Goldin agrees that this item should have gone through the Finance Advisory Committee; questions what would happen if the bond does not sell; is there a guarantee; where does the County fit into this as they took over the Wastewater Project; and we must be sure the District is doing something that is a sure thing.</p> <p>Paul Malykont asked if the refunding required court approval in the bankruptcy proceeding; commented on the interest rates; the cost of the investment bankers and counsel. He wondered why it did not go through the Finance Advisory Committee.</p> <p>Richard Margetson commented on his concern as to how the process was started; the lack of a discussion at the Finance Advisory Committee; and the effect on future budgets. He commented that this is Prohibition Zone money and what project will only benefit the Prohibition Zone; why isn't the District shopping around and going with this company only.</p> <p>President Moothart reported that District staff, being proactive, found out about this opportunity and brought it to the Board. There was a preliminary presentation to staff and a member of the Board, and as it is a compacted schedule, is being brought to the public at this time and then the Board will make a decision on whether or not to move forward.</p> <p>Director Vogel made a motion to adopt Resolution 2013-09 to commence proceedings relative to the early redemption of the 2002 Wastewater bonds, the formation of an Authority by the District that will redeem the 2002 bonds, sell new bonds in its name, to hire the financing team and before further action by this Board approving, that this matter be brought before the Finance Advisory Committee. The motion was seconded by Vice President Baltimore and carried with the following vote:</p>
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AGENDA ITEM	DISCUSSION
<p>12 D. Adopt Resolution to Commence Proceedings Relative to the Early Redemption of the 2002 Wastewater Improvement Assessment Bonds (continued)</p>	<p>Ayes: Vogel, Baltimore, Ochylski, Moothart Nays: None Abstain: None Absent: Wright</p>
<p>8. GENERAL PUBLIC COMMENT</p>	<p>Linde Owen commented on her concerns of Valley Fever and the sewer construction. She commented on PEG funding and special programs on Channel 20.</p> <p>Julie Tacker commented on the County's recycled water contracts with dryland farmers believing the cost to treat and deliver the water is a gift of public funds.</p> <p>Al Barrow commented on his right to express his opinion. He complimented the County on the recent Stormwater brochure mailing and commented on the need for the proper roadwork replacement during the Wastewater Project.</p> <p>Leon Goldin commented on the seriousness of farmers of wasting water.</p> <p>Keith Swanson commented on his intent to do the best for the community.</p> <p>Richard Margetson commented on the need for representation by the District at the Board of Supervisors meetings.</p> <p>Martha Goldin commented that the Board should be making its voice heard in protection of the people of Los Osos.</p>
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p> <p>C. LOCAC Report</p> <p>D Emergency Services Advisory Committee Report</p> <p>E. Utilities Advisory Committee Report</p> <p>F. Finance Advisory Committee Report</p> <p>G. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences and Seminars</p>	<p>There was no verbal report as Battalion Chief Veneris was out of the area. A written report was submitted with the agenda packet.</p> <p>Interim General Manager Falkner reported on the operations of the Utilities Department for the month of March 2013, reporting on water production, consumption and revenues; she reported that crews did potholing for service lines in conjunction with the wastewater project and worked on one of the booster pumps at the 16th Street booster pump stations. She reported that through the end of March 2013, 90 toilets, 67 showerheads and 94 aerators has been replaced as part of the County's indoor retrofit program within the LOCSD water service area.</p> <p>LOCAC Member Paul Malykont reported on the April 25, 2013 meeting. The Council heard reports from the Sheriff and Supervisor Gibson. The Council discussed the development of the Los Osos Community Plan and would like as much public input as possible through discussion sessions.</p> <p>The next meeting of Emergency Services Advisory Committee will be held Tuesday, May 21, 2013.</p> <p>The next meeting of Utilities Advisory Committee will be held Wednesday, May 8, 2013.</p> <p>Director Ochylski reported on the April 29, 2013 Finance Advisory Committee (FAC) meeting. The Committee reviewed the warrants and financials recommending the Board accept and file; reviewed the Budget and discussed how FAC would review budgetary proposals by Staff. The Committee set up a schedule for FAC members to attend ESAC and UAC meetings to discuss their budget funds.</p> <p>Director Vogel reported on his attendance at the April 25, 2013 LOCAC meeting and the discussion on the Community Plan.</p> <p>President Moothart reported on the success of the April 26, 2012 Chamber of Commerce Business Showcase.</p>
<p>10. PUBLIC COMMENT FOR ITEMS ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>President Moothart pulled Consent Calendar Item 11F to be brought back at the next Board meeting.</p> <p>President Moothart amended Item 11G, Section 4 Education and Experience, Line 3 to read ...management position related to a government agency with a minimum of three (3) years' experience in supervision."</p>

AGENDA ITEM	DISCUSSION
<p>11. CONSENT CALENDAR</p> <p>A. Receive Administrative and Committee Reports B. Approve Meeting Minutes of April 18, 2013 C. Receive Warrant Register for April 2013 D. Receive Financial Statements for Period Ending March 2013, and Cash and Investment Schedules and Reserves Schedule as of March 31, 2013 E. Adopt the CPI Rate Increase to the Special Fire Tax for FY13-14 F. Approve Proposed Changes to the Reserves Policy G. Amend the Personnel Policy to Create the Position of Part-Time General Manager</p>	<p>Public Comment: Keith Swanson commented on his discussion with Mr. Levine of a possible special Finance Advisory Committee meeting to be held on May 20, 2013.</p> <p>Al Barrow commented on the District's water conservation kits and he commented on the upcoming fire season as being hard on fire personnel and equipment.</p> <p>Linde Owen commented on the LOCAC meeting and the dewatering plan discussed by Supervisor Gibson and the Community Plan. She reminded the public to clean up their yards and underbrush.</p> <p>Julie Tacker commented on Item 11G asking if there would be direction to staff to begin advertising; commented on the Community Plan discussed at LOCAC; commented on the need to discuss nitrate testing in a public forum; and commented that the Morro Bay National Estuary Program has released its Comprehensive Conservation and Management Plan.</p> <p>Richard Margetson commented on Supervisor Gibson's comments on the recycled water contracts at the recent Board of Supervisors meeting. He commented on the need for the District to attend the County meetings.</p> <p>Director Ochylski commented on the recent release of Morro Bay National Estuary Program's Management Program which presents action plans to address priority issues facing the health of the estuary.</p> <p>Director Ochylski made a motion to receive and file the Administrative Reports, the Committee Reports, and to approve the Consent Calendar with the exception of 11F and Item 11G as corrected. The motion was seconded by Vice President Baltimore and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Baltimore, Vogel, Moothart Nays: None Abstain: None Absent: Wright</p>
<p>12. GENERAL ACTION ITEMS</p> <p>C. Presentation of Proposed FY 2013/14 Budget</p>	<p>At this time, General Action Item C was continued.</p> <p>Director Ochylski made a motion to continue Item 12C to the next agenda. The motion was seconded by Vice President Baltimore and carried with the following vote:</p> <p>Public Comment: Richard Margetson commented on going through the budget fund by fund and keeping the Solid Waste fund.</p> <p>Julie Tacker commented on the need for a bankruptcy update if we are giving up Solid Waste at the end of the Fiscal Year, what would be the drop dead date and when would there be a LAFCO process for this to happen.</p> <p>Ayes: Directors Ochylski, Baltimore, Vogel, Moothart Nays: None Abstain: None Absent: Wright</p>
<p>A. Approve Notice of Public Hearing to Increase Service Charges for the Maintenance of the Septic System in Bayridge Estates</p>	<p>Interim General Manager Falkner reported that this item is being brought back for the Board to approve the issuance of a Notice of Public Hearing on the proposed increase of \$172 per year in service charges to maintain the dedicated septic system within Bayridge Estates and that the notice now includes a question and answer page.</p> <p>There was no Public Comment.</p> <p>Vice President Baltimore made a motion to approve the issuance of a Notice of Public Hearing on a proposed increase starting in Fiscal Year 2013/14 of \$172 per year in the service charges used to maintain a dedicated septic system within the Bayridge Estates subdivision and set the date for the protest hearing for June 20, 2013. This rate, other than the portion for Street Lighting, will be effective until this fund settles all its liabilities for operations and capital improvements needed for connection and conversion to the County's sewer system. The motion was seconded by Director Vogel and carried with the following vote:</p>

AGENDA ITEM	DISCUSSION
<p>A. Approve Notice of Public Hearing to Increase Service Charges for the Maintenance of the Septic System in Bayridge Estates (continued)</p>	<p>Ayes: Directors Baltimore, Vogel, Ochylski Moothart Nays: None Abstain: None Absent: Wright</p>
<p>B. Approve Notice of Public Hearing to Increase Service Charges for the Maintenance of the Septic System in Vista de Oro</p>	<p>Interim General Manager Falkner reported that this item is being brought back for the Board to approve the issuance of a Notice of Public Hearing on the proposed increase of \$267 per year in service charges to maintain the dedicated septic system within Vista de Oro and that the notice now includes a question and answer page.</p> <p>Public Comment: Kalani Aylette commented on the termination of fees as a concern for paying fees for something that is not there any longer; he commented that the additional costs will be hard on many of the residents.</p> <p>Richard Margetson stated that if the increase passes part of the money is going to be used as an increase allocation draw to administration. He commented on the possible costs of connecting to the sewer system.</p> <p>Director Ochylski asked if Vista de Oro owes the District, would that assessment automatically terminate upon connection to the wastewater project or continue until that money is paid back to the District. District Counsel Seitz will provide an answer to Director Ochylski by the next Finance Advisory.</p> <p>Vice President Baltimore made a motion to approve the issuance of a Notice of Public Hearing on a proposed increase starting in Fiscal Year 2013/14 of \$267 per year in the service charges used to maintain a dedicated septic system within the Vista de Oro subdivision and set the date for the protest hearing for June 20, 2013. This rate, other than the portion for Street Lighting, will be effective until this fund settles all its liabilities for operations and capital improvements needed for connection and conversion to the County's sewer system. The motion was seconded by Director Vogel and carried with the following vote:</p> <p>Ayes: Baltimore, Vogel, Ochylski, Moothart Nays: None Abstain: None Absent: Wright</p>
<p>13. FUTURE AGENDA ITEMS</p>	<p>Director Ochylski requested an update on the status of the nitrate testing. President Moothart directed UAC to look at the testing and make recommendations, if necessary.</p>
<p>14. CLOSING BOARD COMMENTS</p>	<p>Director Vogel thanked the public for their participation at this evening's meeting and announced the May 18th performance of the Cuesta Master Chorale at 8:00 p.m. at the Performing Arts Center.</p> <p>Vice President Baltimore reminded the public of the upcoming People Helping People Annual Garage Sale.</p> <p>President Moothart reminded the public that free mulch from the hazard abatement project was available at the end of Rodman Drive.</p>
<p>15. ADJOURNMENT</p>	<p>The Board adjourned to Closed Session at 10:18 p.m.</p>