




October 16, 2015

TO: LOCSO Board of Directors
FROM: Ann Kudart, Administrative/Accounting Assistant III 
SUBJECT: **Agenda Item 11B – 11/5/2015 Board Meeting**
Approve Meeting Minutes of September 1, 2015,
September 3, 2015, and October 12, 2015

President
R. Michael Wright

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Jon-Erik G. Storm
Louis G. Tornatzky

General Manager
Kathy A. Kivley

District Accountant
Michael L. Doyel

Fire Chief
Robert Lewin

Battalion Chief
Phill Veneris

DESCRIPTION

Attached are minutes from the September 1, 2015, September 3, 2015, and October 12, 2015 Board of Directors meetings.

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 Board of Directors September 1, 2015, September 3, 2015, and October 12, 2015.

Attachments

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**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Special Meeting of September 1, 2015**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>President Wright called the meeting to order at 5:32 p.m. and Director Tornatzky led the flag salute.</p> <p><u>Roll Call:</u> Chuck Cesena, Director – Arrived at 5:36 p.m. Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Arrived at 5:40 p.m. Mike Wright, President – Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Michael Seitz, District Legal Counsel Michael Doyel, District Accountant Phill Veneris, Battalion Chief Margaret Falkner, Utility Compliance Technician III Ann Kudart, Administrative/Accounting Assistant III</p>
<p>2. PUBLIC HEARING A. Adopt Final Budget for Fiscal Year 2015/2016</p>	<p>General Manager Kivley provided a summary of the proposed Fiscal Year 2015/16 Budget.</p> <p>Public Comment: Linde Owen, Julie Tacker, and Richard Margetson opposed the budget as presented.</p> <p>A motion was made by Director Tornatzky to adopt Resolution 2015-24 adopting the Proposed Budget for Fiscal Year 2015/2016 as recommended and incorporate any further changes as directed by the Board.</p> <p>Director Storm seconded and amended the budget to move \$36,856 from the General Contingency Reserve of the Fire budget to the Vehicle Replacement Reserve in accordance with the 20 year projection for replacing vehicles/engines. Director Tornatzky accepted the amendment.</p> <p>Vice President Ochylski further amended that the mid-year budget be brought back to the Board not later than December 31, 2015. Director Tornatzky accepted the second amendment.</p> <p>The motion carried with the following vote:</p> <p>Ayes: Directors Tornatzky, Storm, Ochylski, Wright Nays: Cesena Abstain: None Absent: None</p>
<p>3. CONSENT CALENDAR A. Establish Appropriation Limit for Fiscal Year 2015/2016</p>	<p>District Accountant Doyel provided a brief summary of the item as submitted in the agenda packet.</p> <p>Public Comment: Linde Owen.</p> <p>A motion was made by Director Storm that the Board adopt Resolution No. 2015-25 establishing the District's appropriation limit of \$8,510,896 for Fiscal Year 2015/2016. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Cesena, Ochylski, Wright Nays: None Abstain: None Absent: None</p>
<p>3. ADJOURNMENT</p>	<p>The meeting adjourned at 6:15 p.m.</p>

**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Regular Meeting of September 3, 2015**

AGENDA ITEM	DISCUSSION OR ACTION
1. CALL TO ORDER/FLAG SALUTE/ROLL CALL	<p>Vice President Wright called the meeting to order at 6:00 p.m. and led the flag salute.</p> <p>Roll Call: Chuck Cesena, Director – Arrived 6:07 Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Absent Mike Wright, President – Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Michael Seitz, District Legal Counsel Ann Kudart, Administrative/Accounting Assistant</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>EXISTING LITIGATION (Government Code, §54956.9(d) (1))</u> Conference with Legal Counsel Regarding Existing Litigation (Formally Initiated): - <i>LOCSD v. Golden State et al</i> (Groundwater Adjudication), Case No. CV040126 (San Luis Obispo Superior Court) - <i>In re Los Osos Community Services District (ND-06-10548)</i> United States Bankruptcy Court, Central District of California, Northern Division</p>
3. PUBLIC COMMENT	<p>Public Comment – Keith Wimer.</p>
4. ADJOURN TO CLOSED SESSION	<p>The Board adjourned to Closed Session at 6:07 p.m.</p>
5. RECONVENE TO OPEN SESSION	<p>The Board reconvened to Open Session at 7:04 p.m. with all Directors present except Vice President Ochylski.</p> <p>The following Staff were present: Kathy Kivley, General Manager Mike Seitz, District Legal Counsel Phill Veneris, Battalion Chief Mike Doyel, District Accountant Margaret Falkner, Utility Compliance Technician Ann Kudart, Administrative/Accounting Assistant</p>
6. RECEIVE REPORT OUT OF CLOSED SESSION	<p>Legal Counsel Seitz reported that the Board had a discussion on the ISJ but took no reportable action and that there was no discussion on the bankruptcy.</p>
7. PRESENTATION A. Fiscal Year 2013/2014 Audit Report	<p>Adam Guise of Moss, Levy & Hartzheim provided a summary of the independent auditors report, the assets, liabilities, and fund balances; the statement of revenues, expenditures and changes in fund balances; statement of revenues, expenses, and changes in net position; statement of cash flows; statement of fiduciary assets and liabilities; and, a summary of notes to the basic financial statement.</p> <p>Public Comment: Julie Tacker, Linde Owen, and Richard Margetson spoke.</p> <p>A motion was made by Director Storm to receive and file the Fiscal Year 2013/2014 Audit Report contingent upon receiving the Management Discussion and Analysis within the next 60 days. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Cesena, Wright Nays: None Abstain: None Absent: Ochylski</p>
8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA	<p>Peggy Pavick supported Board meeting being held at the Community Center and voiced her disapproval of the General Manager.</p> <p>Julie Tacker requested clarification pertaining to the management of the basin by the County should the ISJ not be approved; and the Bayridge Estates funding letter from the District to the County.</p>

AGENDA ITEM	DISCUSSION
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA (continued)</p>	<p>Linde Owen commented on relocating the office; opposed meetings being held at Sea Pines; the SRF letter; Barnett and Cox; and the Verizon cell tower costs.</p> <p>Richard Margetson commented on the change to the Budget meeting dates and that the budget should have been reviewed by the committees.</p> <p>Lynette Tornatzky commented on the Verizon cell tower project; and opposed the unsupported accusations of the Board and staff.</p>
<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. District Legal Counsel Report</p> <p>E. LOCAC Report</p> <p>F. Los Osos/Baywood Park Chamber of Commerce</p> <p>G. Finance Advisory Committee Report</p> <p>I. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Trainings, etc.</p>	<p>Battalion Chief Veneris announced the upcoming South Bay-Station 15 Fire Safety Fair and emergency activities, administrative issues, special programs and projects and fire prevention during the month of July 2015 as submitted in the agenda packet.</p> <p>Utility Compliance Technician Falkner announced the September 19th Coastal Cleanup Day and reported on the July 2015 activities of the Utilities Department.</p> <p>General Manager Kivley reported that during the month of August 2015 she prepared bankruptcy information and data to be included in the audit report; updated the budget materials; participated in numerous ISJ conference calls; finalized the MOU negotiations which will be presented to the Board at a future meeting; preparing PERS payroll analysis; reconciliation of outstanding payroll checks; and performed Human Resource tasks and functions.</p> <p>Legal Counsel Seitz reported that if a stipulated judgement was not reached by January 1st the ISJ would cease to exist and would be taken over by the State. He reported the Board of Supervisors will consider the stipulated judgement in the following weeks and that the next hearing in the courts will be October 14th.</p> <p>Vicki Milledge, LOCAC Chairperson, reported on the August 27, 2015 meeting. The Council heard a report from the Planning Department; a report from Supervisor Gibson; announced an upcoming tour of the treatment plant; update of the 4th Street traffic-calming project; that the CSD water yard project was approved; and reviewed the Community Plan Update comments.</p> <p>Steve Vinson, Chamber of Commerce, reported on the upcoming September 9th Mixer at Spooner Ranch and the Oktoberfest and Car Show to be held October 25th.</p> <p>Director Storm reported that at the August 31, 2015 FAC meeting the Committee reviewed the warrant register and recommended that the committee review non-payroll items over \$10,000; reviewed the prior year expenditures; reviewed District investment policy and recommended further diversification; and discussed a potential two year budget cycle to possible be put into effect in FY17/18.</p> <p>Director Tornatzky reported on his attendance at the September 2, 2015 WRAC meeting. The Committee discussed ongoing items including Prop 1 Funding and the Sustainable Groundwater Management Act.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>Public Comment: Linde Owen, Julie Tacker, Richard Margetson, and Lynette Tornatzky spoke.</p>
<p>11. CONSENT AGENDA</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Meeting Minutes of August 6, 2015 and August 26, 2015</p> <p>C. Receive Warrant Register through August 2015</p> <p>D. Receive Prior Year Expenditure Reports</p>	<p>A motion was made by Director Storm to receive and file the Administrative and Committee Reports and to approve the items on the Consent Calendar. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Cesena, Wright Nays: None Abstain: None Absent: Ochylski</p>

AGENDA ITEM	DISCUSSION
12. GENERAL ACTION ITEMS	None.
13. DISCUSSION OF PULLED CONSENT ITEMS	None.
14. FUTURE AGENDA ITEMS	None.
15. CLOSING BOARD COMMENTS	<p>Director Cesena thanked the public for their continued participation.</p> <p>Director Tornatzky commented on the negative comments by the public and requested a future discussion by the Board.</p> <p>Director Storm thanked staff for the agenda and reports and thanked the public for their attendance at the meeting.</p> <p>President Wright announced the upcoming Mission County Disposal Cleanup Week and the Fire Safety Fair.</p>
16. ADJOURNMENT	The meeting adjourned at 8:40 p.m.

**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Special Meeting of October 12, 2015**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>President Wright called the meeting to order at 5:30 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Chuck Cesena, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Arrived Mike Wright, President – Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Michael Seitz, District Legal Counsel Mike Doyel, District Accountant Ann Kudart, Administrative/Accounting Assistant III</p>
<p>2. SPECIAL MEETING PUBLIC COMMENT</p> <p>3. CONSENT AGENDA A. Approve MOU between LOCSD and SLOCEA for the Miscellaneous Employees Bargaining Unit through June 30, 2017</p>	<p>Public Comment: Julie Tacker speaks.</p> <p>A motion was made by Director Tornatzky that the Board adopt Resolution 2015-26 approving the MOU between the LOCSD and SLOCEA for the Miscellaneous Employees Bargaining Unit through June 30, 2017. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Tornatzky, Storm, Cesena, Ochylski, Wright Nays: None Abstain: None Absent: None</p>
<p>4. CLOSED SESSION</p> <p>A. ANNOUNCEMENT OF CLOSED SESSION ITEMS</p>	<p>District Legal Counsel Seitz announced that the Board would convene to Closed Session for the following:</p> <p>1. EXISTING LITIGATION (Government Code, §54956.9(d) (1).) Conference with Legal Counsel Regarding Existing Litigation (Formally Initiated): - <i>LOCSD v. Golden State et al</i> (Groundwater Adjudication), Case No. CV040126 (San Luis Obispo Superior Court)</p> <p>Public Comment: Keith Wimer, Linde Owen, Jeff Edwards, Al Barrow, Richard Margetson and Julie Tacker spoke.</p> <p>2. PERSONAL MATTERS (Government Code §54957) - Public Employee Performance Evaluation – District General Manager</p> <p>Public Comment: Peggy Pavek, Linde Owen, C. Hite, Vita Miller, Lee Sutter, Al Barrow, Jeff Edwards, April M., Julie Tacker, Richard Margetson, and Elaine Watson disapproved of the General Manager's performance.</p> <p>Gretchen Clark, Don Beardon, Richard Clark, Lynette Tornatzky, and Leonard Moothart supported the General Manager's performance.</p>
<p>B. ADJOURN TO CLOSED SESSION</p> <p>C. RECONVENE TO OPEN SESSION AND ANNOUNCEMENT OF CLOSED SESSION ACTION</p>	<p>The Board adjourned to Closed Session at 6:26 p.m.</p> <p>The Board reconvened to Open Session at 7:35 p.m.</p> <p>Legal Counsel Seitz announced that pertaining to Item 1, the Board approved the stipulated judgment and authorized his signature and pertaining to Item 2, the Board authorized the retention of an outside investigator to investigate the allegation of the General Manager's misappropriation of public funds.</p>
<p>5. ADJOURNMENT</p>	<p>The Board adjourned to Closed Session at 7:40 p.m.</p>