




August 23, 2016

**TO:** LOCSD Board of Directors  
**FROM:** Ann Kudart, Administrative/Accounting Assistant III   
**SUBJECT:** **Agenda Item 11B – 9/15/2016 Board Meeting**  
Approve Meeting Minutes of August 4, 2016 and August 17, 2016

**President**  
Marshall E. Ochylski

**Vice President**  
Jon-Erik G. Storm

**Directors**  
Charles L. Cesena  
Louis G. Tornatzky  
R. Michael Wright

**Interim General Manager**  
Peter J. Kampa

**District Accountant**  
Warmerdam CPA Group

**Unit Chief**  
Scott M. Jalbert

**Battalion Chief**  
Tom McEwen

**DESCRIPTION**

Attached are minutes from the August 4, 2016 Regular and the August 17, 2016 Special Board of Directors meetings for your approval.

**STAFF RECOMMENDATION**

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 August 4, 2016 and August 17, 2016 meetings.***

Attachments

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**Los Osos Community Services District  
Board of Directors  
DRAFT Minutes of the Regular Meeting of August 4, 2016**

AGENDA ITEM	DISCUSSION OR ACTION
<b>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</b>	<p>President Ochylski called the meeting to order at 6:01 p.m. and Director Wright led the flag salute.</p> <p>Chuck Cesena, Director – Absent Lou Tornatzky, Director – Present Mike Wright, Director – Present Jon-Erik Storm, Vice President – Present Marshall Ochylski, President – Present</p> <p>The following Staff were present: Peter Kampa, Interim General Manager Roy Hanley, District Legal Counsel Ann Kudart, Administrative/Accounting Assistant III</p>
<b>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</b>	<p>President Ochylski announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Government Code §54956.8)</u> Property: 2122 9<sup>th</sup> Street, Suites 102 and 106, Los Osos, CA Agency Negotiator: Peter Kampa, Interim General Manager Negotiating Parties: George Contento Under Negotiation: Terms of Lease</p> <p>B. <u>PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code §54957(b)(1))</u> Title: Interim General Manager</p>
<b>3. PUBLIC COMMENT</b>	<p>Public Comment – Julie Tacker supported moving forward on Item 2A, and opposed Mr. Kampa's performance.</p>
<b>4. ADJOURN TO CLOSED SESSION</b>	<p>The Board adjourned to Closed Session at 6:06 p.m.</p>
<b>5. RECONVENE TO OPEN SESSION</b>	<p>The Board reconvened to Open Session at 7:02 p.m.</p> <p>Directors Ochylski, Tornatzky, Storm, and Wright were present. Director Cesena was absent.</p> <p>The following Staff were present: Peter Kampa, Interim General Manager Roy Hanley, District Legal Counsel Margaret Falkner, Utility Compliance Technician III Ann Kudart, Administrative/Accounting Assistant III</p>
<b>6. REPORT OUT OF CLOSED SESSION MEETING</b>	<p>President Ochylski announced that there was no reportable action taken during the Board's closed session meeting.</p>
<b>7. PRESENTATIONS AND PUBLIC HEARINGS</b>	<p>None.</p>
<b>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b>	<p>Julie Tacker was disappointed that the "Previously Asked Questions" item was not on agendas. She commented on the Basin Management Committee; the District's bond rating suspension; and would like to see the District pursue restitution from the previous General Manager.</p> <p>Marguerite Bader, President of the League of Women Voters of San Luis Obispo, commented on the roles of the Civil Discourse Ambassadors and Observers.</p> <p>Richard Margetson commented on the upcoming 30<sup>th</sup> Anniversary Celebration of the South Bay Community Center to be held from noon to 6:00 p.m. on Saturday, August 13, 2016.</p> <p>Linde Owen commented on the importance of repurposing septic tanks and trucking in water to fill them.</p> <p>Lynette Tornatzky commented on the need for the water purveyors to take the lead in saving the basin and inquired as to how it will be accomplished.</p>

AGENDA ITEM	DISCUSSION
<p><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS</b></p> <p><b>A. CAL FIRE Report</b></p> <p><b>B. Utilities Department Report</b></p> <p><b>C. Interim General Manager's Report</b></p> <p><b>D. Los Osos Community Advisory Council (LOCAC)</b></p> <p><b>E. Los Osos/Baywood Park Chamber of Commerce</b></p> <p><b>F. Parks and Recreation Subcommittee Report</b></p> <p><b>G. Basin Management Committee Meeting</b></p> <p><b>H. Directors Announcements of Direct and Committee Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</b></p>	<p>Battalion Chief McEwen was out of the area. The June 2016 Fire Department Report was submitted in the agenda packet.</p> <p>Utility Compliance Technician Falkner gave a brief summary of the June 2016 activities of the Utilities Department as submitted in the agenda packet.</p> <p>Interim General Manager Kampa provided a summary of his report as submitted in the agenda packet. He reported on the status of the management objectives previously adopted; discussions with the County related to the recycled water sales and the transfer of Bayridge and Vista de Oro collection systems; the 8<sup>th</sup> Street well repairs; and that the District is meeting all compliance requirements with small Public Works contracts.</p> <p>None</p> <p>Jim Stanfill reported that the next mixer will be held at the new Starbucks on September 20<sup>th</sup>, the 1<sup>st</sup> Annual Festival de Osos and the 38<sup>th</sup> Annual Oktoberfest on October 30<sup>th</sup>.</p> <p>Director Tornatzky reported on the July 21<sup>st</sup> Parks and Recreation Committee meeting in which the Committee discussed their participation and logistics for a Community Needs Assessment Booth at the SBCC 30<sup>th</sup> Anniversary Celebration to be held on August 13, 2016.</p> <p>President Ochylski reported on the July 27<sup>th</sup> meeting discussion of the Committee's input into the Los Osos Community Plan; they discussed the Basin boundaries; heard a presentation by DTA on financial options but took no action; and had an update on the water conservation program; and discussed outreach to the contractors concerning repurposing and clean/seal the septic tanks.</p> <p>President Ochylski directed that Staff look into the availability and distribution mechanisms of the recycled water from 10<sup>th</sup> Street to all consumers within the Basin and if a non-profit could be setup to act as a distributor.</p> <p>None.</p>
<p><b>10. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</b></p>	<p>President Ochylski pulled Item 11F for further discussion following Item 12.</p> <p>Public Comment – Julie Tacker, Linde Owen, Lynette Tornatzky, and Richard Margetson spoke.</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 July 7, 2016</b></p> <p><b>C. Receive Warrant Register for July 2016</b></p> <p><b>D. Not Used</b></p> <p><b>E. Approve 2016 Local Agency Biennial Review of Verifying Biennial Review of the District's Conflict of Interest Code</b></p> <p><b>F. Approve Task Order for Accounting Services</b></p>	<p><b>A motion was made by Vice President Storm to receive and file the Administrative and Committee Reports and to approve the items on the Consent Calendar with the exception of Item 11F. The motion was seconded by Director Wright and carried with the following vote:</b></p> <p><b>Ayes:</b> Directors Storm, Wright, Tornatzky, Ochylski  <b>Nays:</b> None  <b>Abstain:</b> None  <b>Absent:</b> Cesena</p>

AGENDA ITEM	DISCUSSION
<p><b>12. GENERAL ACTION ITEMS</b></p> <p><b>A. Adopt Resolution Authorizing Extension of Contract with Kampa Community Solutions to a Specified Termination Date and Authorize Recruitment for General Manager Services</b></p>	<p>Interim General Manager Kampa recused himself and left the dais.</p> <p>District Counsel Hanley gave a brief summary of the two items in the report as submitted with the agenda packet.</p> <p>Public Comment – Julie Tacker does not support extending Mr. Kampa's contract.</p> <p>Lynette Tornatzky supported Mr. Kampa as the District's General Manager.</p> <p>Linde Owen voiced her opposition of Mr. Kampa as the District General Manager.</p> <p>Richard Margetson commented on his concerns in finding the right General Manager for the District and does not support Mr. Kampa; and the need for a smooth transition of a new GM.</p> <p><b>A motion was made by Vice President Storm that the Board authorize General Counsel to execute and circulate a Request for Proposals for General Manager Services, after it has been edited and finalized by the Ad Hoc Committee, to include a specification that it is at least half time, and responses should be addressed to Counsel within 30 days of publication; and further moved that the Board adopt Resolution 2016-31 and direct General Counsel to issue a formal notice of extension of the Agreement for Consultant Services with Kampa Community Solutions, LLC., with a termination date of September 30, 2016. The motion was seconded by Director Tornatzky.</b></p> <p><b>The motion to execute and circulate a Request for Proposals for General Manager Services carried with the following vote:</b>  <b>Ayes: Directors Storm, Wright, Ochylski</b>  <b>Nays: Tornatzky</b>  <b>Abstain: None</b>  <b>Absent: Cesena</b></p> <p><b>The motion to adopt Resolution 2016-31 extending the agreement through September 30, 2016 carried with the following vote:</b>  <b>Ayes: Directors Storm, Tornatzky, Ochylski</b>  <b>Nays: Wright</b>  <b>Abstain: None</b>  <b>Absent: Cesena</b></p> <p>Mr. Kampa returned to the dais.</p>
<p><b>SPECIAL MEETING ITEM</b></p> <p><b>1B. Approve Contract Extension with Moss, Levy &amp; Hartzheim to Provide Audit Services for the Fiscal Year June 30, 2016</b></p>	<p>Interim General Manager Kampa provided a summary of the item.</p> <p>Public Comment – Julie Tacker supported extending the contract with the current auditor.</p> <p><b>A motion was made by Director Wright to adopt Resolution 2016-32 approving engagement of Moss, Levy and Hartzheim, LLP for completion of the 2015/16 fiscal year audit. The motion was seconded by Director Tornatzky and carried with the following vote:</b></p> <p><b>Ayes: Directors Wright, Tornatzky, Storm, Ochylski</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: Cesena</b></p>
<p><b>13. DISCUSSION OF PULLED CONSENT ITEM</b></p> <p><b>IIF. Approve Task Order for Accounting Services</b></p>	<p>Interim General Manager Kampa provided a summary of the item as submitted with the agenda packet.</p> <p>Public Comment – Julie Tacker supported contracting with a local accounting service.</p> <p>Lynette Tornatzky supported continuing the contract with Warnerdam CPA services.</p> <p>Richard Margetson commented on the need for a staff accountant and supported hiring locally.</p> <p><b>A motion was made by Vice President Storm that the Board approve the task order for the completion of District accounting work with Warnerdam CPA Group. The motion was seconded by Director Wright and carried with the following vote:</b></p>

AGENDA ITEM	DISCUSSION
<p><b>13. DISCUSSION OF PULLED CONSENT ITEM (continued)</b></p> <p><b>IIF. Approve Task Order for Accounting Services</b></p>	<p><b>Ayes: Directors Storm, Wright, Tornatzky, Ochylski</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: Cesena</b></p>
<p><b>14. FUTURE AGENDA ITEMS</b></p>	<p>President Ochylski requested an item authorizing the Board to sign a letter to the County concerning the interest rate reduction on the sewer bonds.</p> <p>Vice President Storm requested a resolution in support of renaming the Los Osos peak.</p> <p>Director Wright requested an update on the status of school recycled water.</p> <p>President Ochylski requested an update on easements and that BCA performance contract be placed on the upcoming UAC agenda for Committee recommendation to the Board.</p>
<p><b>15. CLOSING BOARD COMMENTS</b></p>	<p>Director Tornatzky expressed his thoughts on the positive outcome of tonight's meeting.</p> <p>Director Wright announced the South Bay Community Center's 30<sup>th</sup> Anniversary Celebration to be held on Saturday, August 13<sup>th</sup>.</p> <p>President Ochylski announced the upcoming ECOSLO cleanup event on September 17<sup>th</sup>.</p>
<p><b>16. ADJOURNMENT</b></p>	<p>The meeting adjourned at 9:03 p.m.</p>

**Los Osos Community Services District  
Board of Directors  
DRAFT Minutes of the Special Meeting of August 17, 2016**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</b></p>	<p>President Ochylski called the meeting to order at 5:32 p.m. and Director Wright led the flag salute.</p> <p>Chuck Cesena, Director – Present  Lou Tornatzky, Director – Present  Mike Wright, Director – Present  Jon-Erik Storm, Vice President – Present  Marshall Ochylski, President – Present</p> <p>The following Staff were present:  Peter Kampa, Interim General Manager  Roy Hanley, District Legal Counsel  Ever Ventura, District Accountant (via telephone)  Ann Kudart, Administrative/Accounting Assistant III</p>
<p><b>2. ACTION ITEM</b></p> <p><b>A. Adopt Resolution Approving the Fiscal Year 2016/2017 Final Budget</b></p>	<p>Interim General Manager Kampa reported that the Reserve Statement on page 5 is the total audited Fiscal Year End 2014/15 numbers.</p> <p>Accountant Ventura reported that the District has the fiscal year end 2014/15 numbers as the audit is complete and closed, however the 2015/16 books are not closed. The estimated year-end numbers are subject to change due to the need to complete year-end adjustments internally and that the auditor will make adjustments that will also affect the numbers.</p> <p>The Board discussed that the reserves need to be adequate to cover the amounts the District is expending.</p> <p>Public Comment – Julie Tacker commented that budgets are adopted final by June 30 and are looking at the actual from the nine months previous and following the actual throughout the year. She inquired as to why the need for the final close of the books.</p> <p>Richard Margetson commented on the 15/16 designations for additions to reserves and that all of the reserves should be able to be counted on.</p>
<p><b>Fund 100 Administrative</b></p>	<p>Interim General Manager Kampa reported on the change to the Administrative personnel and office structure that has affected the cost. He reported on future action by the Board to re-establish the Administrative Services Manager position and salary scale. He reported that Administrative expenses of \$587,874 will be allocated among the services.</p> <p>Public Comment – Richard Margetson commented on the discrepancy in the total personnel costs on pages 6 and 7 and issues with the Administrative allocations.</p> <p>Julie Tacker opposed drawing Admin funds from the Parks and Recreation fund.</p> <p>Jeff Edwards commented on the differences between the organization chart and the personnel table. He opposed any reorganization.</p>
<p><b>Fund 200 Bayridge Estates</b></p>	<p>Interim General Manager Kampa reported a negative fund balance and that reserves of \$25,089 can transfer in, an interfund loan in 2015 from water in the amount of \$125,000; and that an additional loan from water in the amount of \$40,041 will be needed to fund the deficit.</p> <p>The Board discussed the assessments remaining on the properties to pay back water for the loans.</p> <p>Public Comment – Vita Miller asked if there would be another vote for the \$40,041. Ms. Miller requested that the residents of Bayridge get an accounting.</p> <p>Richard Margetson commented on the reserve balances; the draw on the rate stabilization reserve; the repayments of the interfund loans from water.</p> <p>Julie Tacker commented on the County assuming the Bayridge loan. She commented on the 218 vote specifically stating that the loan was going toward operations and did not mention a \$40,041 loan.</p>

AGENDA ITEM	DISCUSSION
Fund 400 Vista de Oro	<p>Mr. Kampa reported on a low revenue amount on the assessment collected and that there was an interfund loan from water in which the assessments will remain on the properties until the fund is balanced.</p> <p>Public Comment – None</p>
Fund 500 Water	<p>Interim General Manager Kampa reported a negative fund balance and that UAC and FAC discussed balancing with one of the contingency funds as well as the capital reserve funds. He reported on the need to finance projects and not continue to spend reserves to fund them. He recommended moving the 8<sup>th</sup> Street Upper Aquifer Well project out, funding the Phase 1 work and push out Phase 2 until the final end number is known.</p> <p>Public Comment – Jeff Edwards commented on the need to redo the rate study internally; suggested the Board ask the County to loan money to fund the District's portion of the Basin Management Committee; and does not want Phase 1 to proceed.</p> <p>Julie Tacker commented on the estimated property tax subsidy to the Water Department; and commented on reducing a staff member to half time once Bayridge and Vista de Oro are turned over to the County.</p> <p>Richard Margetson commented on depleting the Water Quality Trust fund and other various funds that could be used to make enough of an increase to make a difference.</p> <p>The Board recommended the 8<sup>th</sup> Street Upper Aquifer Well project being put on the back burner for now and use the Rate Stabilization reserve to balance the budget leaving money in the Capital Reserve and use the Water Quality Trust if possible.</p>
Fund 800 Drainage	<p>Interim General Manager Kampa reported a balanced fund from transferring in reserves.</p> <p>Public Comment – Richard Margetson commented on his discomfort with the Unrestricted Fund Reserve; and the Admin allocation.</p> <p>Julie Tacker commented on the Administrative draw from all the funds being problematic and needs to be more reflective of the actual work being done in each fund.</p>
Fund 900 Parks and Recreation	<p>Interim General Manager Kampa reported that there is no source of ongoing revenue, the funds are from property tax assessments that carried over from the County and are in LAIF.</p> <p>Public Comment – Richard Margetson commented on the interest income designation.</p> <p>Julie Tacker voiced concern as to how staffing is paid for and that Administration is being drawn from it.</p> <p>Vice President Storm recommended getting projects done or cancelling the reserve.</p>
	<p>Richard Margetson inquired as to where the Wastewater Admin allocation would come from.</p> <p>Interim General Manager Kampa reported that in the past it has been budgeted for but not had an off-setting revenue source.</p>
Fund 301 Fire	<p>President Ochylski reported that there is a summary of the fund submitted with the agenda packet and Interim General Manager Kampa reported that the Schedule A cost is increasing faster than the CPI.</p> <p>The Board discussed the need for a discussion on what will be the cost to get to 4.0 staffing.</p> <p>Public Comment – Julie Tacker commented on the cost of Reserves Firefighters and the increased cost of Schedule A and the need to look at the subsidy going to Water.</p> <p>Vita Miller commented that going to 4.0 staffing would reduce the need to call in Reserve Firefighters.</p> <p>Richard Margetson commented that any surplus should go to the vehicle sinking fund as it was not fully funded, and on discussion is needed now on the 4.0 staffing.</p>

AGENDA ITEM	DISCUSSION
	<p><b>A motion was made by Vice President Storm to direct staff to:</b></p> <ol style="list-style-type: none"> <li><b>1. find a way, within 6 months, to get the Administrative Allocation to Fire down to a target of 8.5%</b></li> <li><b>2. within 6 month provide a plan to get the Water fund self-sustaining within 3 years (not reliant on reserves, not reliant on the 1% property tax, and not over-reliant on Administrative Allocation)</b></li> <li><b>3. report the effects of 4.0 Staffing on revenue, on service level, and on the ISO rating</b></li> </ol> <p>Public Comment – Richard Margetson commented on the District taking advantage of the resources in the community to save money.</p> <p>Julie Tacker commented on her concerns with the committees not meeting monthly and the continued postponements and cancellations.</p> <p><b>The motion was seconded by Director Cesena and passed unanimously.</b></p> <p><b>A motion was made by Director Wright that the Board adopt Resolution 2016-33 approving the Fiscal Year 2016/2017 Final Budget. The motion was seconded by Vice President Storm.</b></p> <p>Public Comment – Richard Margetson commented that if the budget is adopted there is no mechanism in place to balance Bayridge and that the Administrative budget is not fully funded.</p> <p>Julie Tacker commented that details will bring the District trouble and agreed with the previous speaker.</p> <p>Cheri Grimm commented on issuing the RFP for the General Manager and if the budget reflected the position as full-time.</p> <p><b>President Ochylski provided direction to staff to review the Administrative Allocations; the surpluses in accounts being carried over to subsequent years; and how the District funds the reserve accounts. Vice President Storm requested an update by staff at the next Board meeting.</b></p> <p><b>Further direction was given to staff to report at the next Board meeting as to how Bayridge will be balanced; how the Administrative budget will be funded from Wastewater; and the Admin Allocation from Parks and Recreation.</b></p> <p><b>The motion carried with the following vote:</b>  <b>Ayes: Directors Wright, Storm, Cesena, Tornatzky, Ochylski</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
	<p>President Ochylski announced that the regular meeting of the Board of Directors scheduled to be held Thursday, September 1, 2016, was canceled and rescheduled as a special meeting of the Board of Directors on Thursday, September 15, 2016.</p>
<b>3. ADJOURNMENT</b>	<p>The meeting adjourned at 7:37 p.m.</p>