



March 16, 2015

TO: LOCSD Board of Directors
FROM: Ann Kudart, Administrative/Accounting Assistant III
SUBJECT: **Agenda Item 11B – 4/2/2015 Board Meeting**
Approve Meeting Minutes of March 5, 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 March 5, 2015 Board of Directors Regular Meeting.

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 meetings of March 5, 2015.

Attachment

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**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Regular Meeting of March 5, 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 6:00 p.m. and Director Tornatzky 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 – 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>
<p>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</p> <p>3. PUBLIC COMMENT</p> <p>4. ADJOURN TO CLOSED SESSION</p>	<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> <p>B. <u>REAL PROPERTY MATTERS (Government Code §54956.8)</u> Conference with Real Property Negotiator - Property: APN 038-662-002 District Negotiator: Kathy A. Kivley, General Manager Negotiating Party: Thomas Kellaway, Property Owner Issue: Instruct Negotiator on terms and price</p> <p>Public Comment – Jeff Edwards, Julie Tacker, and Richard Margetson opposed Item B and the purchasing or leasing of property and related expenses.</p> <p>The Board adjourned to Closed Session at 6:11 p.m.</p>
	<p>The Board reconvened to Open Session at 7:02 p.m.</p> <p><u>Roll Call:</u> Chuck Cesena, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Arrived at 8:49 p.m. Mike Wright, President – Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Mike Doyel, District Accountant Margaret Falkner, Utility Compliance Technician Rob Miller, District Engineer Ann Kudart, Administrative/Accounting Assistant</p>
<p>6. RECEIVE REPORT OUT OF CLOSED SESSION</p>	<p>District Legal Counsel Seitz reported that in regards to Item A the Board heard a report on the ISJ, gave direction but took no reportable action and that the Board did not hear a report in regards to the Bankruptcy. In regards to Item B the Board, on a vote a 3-1 with Director Cesena opposing, gave authorization for the General Manager to pursue a potential lease.</p>
<p>7. PRESENTATIONS AND PUBLIC HEARINGS</p>	<p>Battalion Chief Veneris gave a brief history of the project to promote fire safety awareness funded by the Fire Safe Council and PG&E and the contest at Los Osos Middle School to promote the message. He introduced the contest winner, Los Osos Middle School Student Hannah Haas, her parents, and her Art Teacher Raquel Meinke. President Wright awarded the certificates and members of the Board offered their congratulations to Ms. Haas and Ms. Mienke for promoting fire safety.</p>

AGENDA ITEM	DISCUSSION
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Patrick McGibney commented that the newspaper had incorrectly reported the meeting location.</p> <p>Keith Wimer commented that there was no mention of the drought or a contingency plan in the Basin Plan and commented on his personal water conservation efforts.</p> <p>Al Barrow commented on the wetlands drainage program which will help conserve water; that adding baking soda to the soil will help retain water; and supported closing Diablo Canyon.</p> <p>Richard Margetson opposed the meeting being held at Sea Pines and not the Community Center.</p> <p>Linde Owen opposed the meeting site change and opposed moving the District offices to a new location.</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 Report</p> <p>G. Community Action Partnership of San Luis Obispo (CAPSLO) 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 reported on Station 15-South Bay emergency activities, administration, training activities and special programs and projects, and fire prevention during the month of January 2015.</p> <p>Utility Compliance Technician Falkner reported on the January 2015 operations of the Utilities Department, reporting on billing activities, water production and runtime hours by well sites, the drought emergency, water conservation efforts and the County's rebate program, operations and maintenance of the water system, drainage, rainfall levels for the past six years at the operations facility and the continuing monitoring and grounds keeping by the crews in Bayridge Estates and Vista de Oro.</p> <p>General Manager Kivley reported that during the month of February 2015 several ISJ meetings were held; that a questionnaire for the District's property liability and workers' comp annual renewal was completed and that there would be no increase to either, that staff is working on improvements necessary for transitioning Bayridge Estates and Vista de Oro to the County, that work is proceeding on plans for the renovation of the crews' facility, and Fiscal Year 15/16 budget preparations.</p> <p>District Legal Counsel Seitz reported that the bankruptcy continues to be on closed session as the District is in the phase of paying the creditors according to the bankruptcy plan.</p> <p>LOCAC Chairperson Vicki Milledge reported on a preliminary schedule for the Community Plan Update and topics with a kickoff meeting to be held March 28th at 10:00 a.m. at Monarch Grove Elementary; the EIR Scoping meeting will be held in April; Chapter 2 meeting is scheduled for April 27th, Chapters 3 and 4 meeting scheduled for May 18th; Chapters 5 and 6 is scheduled for June 8th; and the Planning Area Standards meeting is scheduled for June 22nd. The next LOCAC meeting will be held March 26, 2015.</p> <p>Chamber of Commerce Director Steve Vinson reported on the recent vandalism of the Bear on South Bay Boulevard and the work needed to repair the damage and electrical panels; that the Business Expo will be held May 15th; and that a new tourism video has been added to the Chamber's website.</p> <p>Director Cesena reported that there was nothing specific to Los Osos at the recent CAPSLO meeting.</p> <p>Director Tornatzky reported on his attendance at the March 4th WRAC meeting and the discussions on the disparity of rainfall throughout the County and a presentation of the Sustainable Groundwater Management Act.</p> <p>Ad Hoc Committee representative Director Cesena reported on meeting with Julie Vanderwier, Fish and Wildlife Service, to discuss the Habitat Conservation Plan and the possible efforts to couple it with the Community Fire Protection Plan.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>At the request of Director Storm, President Wright pulled Item 11I for further discussion.</p> <p>District Accountant Doyel responded to Director Cesena's question concerning an email regarding the bonds issued in 2002 which had been recorded as deferred revenue and as they are a loan against the community should be listed as liability.</p> <p>Public Comment – Al Barrow requested the cost of the Palisades Well damage; requested the District offer discounts for stormwater barrels like those being offered in Capitola. He opposed issuing new will serve letters.</p> <p>Julie Tacker commented on the Palisades Well damage; South Bay Nitrate Removal Project; was disappointed Legal Counsel did not have a report regarding the seven assessment claims paid in the bankruptcy; inquired as to who managed the District's Facebook page; and, that the documents from the County's recent town hall meeting were on their website.</p>

AGENDA ITEM	DISCUSSION
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR (continued)</p>	<p>Linde Owen commenting on the need for a report on the costs associated with the water conservation campaign.</p> <p>Jeff Edwards encouraged the Board to move forward and beyond the ISJ process and move projects forward.</p> <p>Richard Margetson commented on the District's lack of transparency; of not holding more committee meetings; the Organizational Chart; eliminating the public from the process; the Utilities reporting of consumption during January; and the need to save the basin.</p>
<p>11. CONSENT AGENDA A. Receive Administrative and Committee Reports B. Approve Minutes of January 8, 2015 and February 5, 2015 C. Receive Warrant Register through February 2015 D. Receive Current Expenditure Reports through January 31, 2015 E. Ratify Emergency Action for 8th Street Well Motor Replacement F. Establish a Prepaid Assessment Reserve and a Disputed Claims Reserve G. Authorize Station 15-South Bay Hose Tower Refurbish Project H. Clarify District Policy Concerning Sewer Lateral Maintenance for Bayridge Estates and Vista de Oro I. Adopt 2015 Board Bylaws and Rules of Decorum J. Approve Revision to 2015 Board Meeting Schedule K. Proposition 84 SB Well Nitrate Removal Project Closing</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 except for Item 11I. 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>
<p>12. GENERAL ACTION ITEMS A. Preparation for Stage III Water Shortage Emergency Declaration</p>	<p>District Engineer Rob Miller gave a brief summary of the report as submitted with the agenda packet reporting that the item is requesting direction from the Board and will be brought back for adoption in April when the final rainfall totals are in. He clarified that a Stage III water shortage emergency can be declared if rainfall totals are less than or equal to 43" and not 48" as stated in the staff report and that levels are at 23" at this time. He reported that private landscape irrigation allows for the use of non-potable water under Stage III.</p> <p>Public Comment – Patrick McGibney supported a Level III water shortage emergency and opposed the issuance of will serve letters.</p> <p>Bill Moylan urged the Board to make painful decisions and approve the Stage III emergency declaration. He supported allocating a certain amount of water per person allowing them to use it as they see fit.</p> <p>Peggy Pavek commented on being allowed to use the water allocated to her however she wanted.</p> <p>Al Barrow commented on educating the public on sustainable gardening and conserving water.</p> <p>Keith Wimer supported allocating 50 gallons per person per day across the board and that the Board needed to support strong conservation policies.</p> <p>Linde Owen commented that this item should have gone to UAC and that private wells must be metered.</p>

AGENDA ITEM	DISCUSSION
<p>12A. Preparation for Stage III Water Shortage Emergency Declaration (continue)</p>	<p>Julie Tacker commented that a dewatering pump could provide non-potable water to our community.</p> <p>Richard Margetson commented that this item should go to UAC and supported suspending intent to serve letters.</p> <p>Jeff Edwards opposed a temporary suspension of intent to serve letters.</p> <p>A motion was made by Director Storm that the Board direct staff to bring a draft resolution for Declaration of a Stage III Water Shortage Emergency allocated per person to be adopted at the April 2, 2015 Board Meeting, and a possible Stage V Water Shortage Emergency in November 2015; and, to prepare and send out public information concerning the pending declaration. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Wright Nays: Cesena Abstain: None Absent: Ochylski</p>
	<p>At this point in the meeting, President Wright continued Item 12C to be heard at a later date and asked Legal Counsel if the action needed to be formalized.</p> <p>Legal Counsel Seitz advised the Board that if they wanted to bring the item forward to continue it, they could do so but still needed to allow public comment in regards to the item</p>
<p>12B1. Authorize Formal Bid Process for Bayridge Estates for Phase 1 Maintenance Improvement Project</p>	<p>General Manager Kivley gave a brief summary of the report as submitted with the agenda packet.</p> <p>District Engineer Miller reported that this is a maintenance repair project to correct severe deficiencies in the existing gravity collection system. He explained the necessity in completing the project prior to the road paving by the County.</p> <p>Public Comment – None.</p> <p>A motion was made by Director Cesena that the Board adopt Resolution 2015-07 authorizing the General Manager to initiate the formal bid process, release bid documents and return to the Board on June 4, 2015 to award bid to the lowest responsive bidder for the Bayridge Estates Phase 1 Maintenance Improvement Projects. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Cesena, Tornatzky, Storm, Wright Nays: None Abstain: None Absent: Ochylski</p>
<p>12B2. Authorize an Interfund Loan from Fund 500 to Fund 200</p>	<p>General Manager Kivley gave a brief summary of the report as submitted with the agenda packet.</p> <p>Public Comment – Richard Margetson asked if the residents of Bayridge Estates were notified.</p> <p>Director Storm moved that the Board adopt Resolution 2015-08 authorizing an interfund loan to Fund 200 Bayridge to construct Phase 1 Maintenance Improvement Projects. 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>
<p>12C. Consider a Conditional Intent-to-Serve (ITS) letter for 1325 Pasadena Drive</p>	<p>President Wright recommended a continuation of the item and asked for a motion and a second.</p> <p>Director Cesena moved to continue Item 12C to a future agenda. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Cesena, Tornatzky, Wright Nays: Storm Abstain: None Absent: Ochylski</p>

AGENDA ITEM	DISCUSSION
<p>12C. Consider a Conditional Intent-to-Serve (ITS) letter for 1325 Pasadena Drive (continue)</p>	<p>President Wright called for Public Comment:</p> <p>Jeff Edwards, representing the applicant Frederick Novy, made a brief presentation reporting that it would be the applicant's request that the Board take action. This was an application for replacement dwelling not new development and would not place additional demands on the groundwater basin. He reported that it was a demolition in combination with a retrofit certificate and the dwelling to be demolished is in the Golden State Water Company area with 12 transferrable units.</p> <p>Linde Owen and Peggy Pavcek supported the issuance of an intent to serve letter and supported a community dog park.</p> <p>Al Barrow and Keith Wimer opposed the Board issuing any additional will serve letters.</p>
<p>13. DISCUSSION OF PULLED CONSENT ITEMS</p> <p>111 Adopt 2015 Board Bylaws and Rules of Decorum Amendments</p>	<p>Director Storm questioned the role of the committee chairs.</p> <p>Vice President Ochylski joined the meeting at this time and reported that his intent was to clarify the role of the committee chairs and the need for consistencies between the committees.</p> <p>General Manager Kivley recommended Section 11.1(d) be amended to read: The Committee Chairperson and Committee Vice Chairperson are non-voting members appointed for the sole purpose of conducting the meeting, enabling conversation, and facilitating discussions.</p> <p>Public Comment – Al Barrow commented on the democratic process of the committees.</p> <p>Richard Margetson commented that the committees always worked best with back and forth dialog.</p> <p>Bill Moylan commented on the committee process.</p> <p>Linde Owen commented that the committees work fine as they are now but should be held monthly.</p> <p>Vice President Ochylski requested the addition of "and forward recommendations to the Board" at the end of Section 11.1(d). Director Storm questioned the Act referenced in Section 12.2(a).</p> <p>Director Storm moved that the Board adopt Resolution 2015-06 amending the Board's Bylaws and Rules of Decorum and direct the General Manager to revise the Bylaws and Rules of Decorum appropriately. The motion was seconded by Director Cesena and carried with the following vote:</p> <p>Ayes: Directors Storm, Cesena, Tornatzky, Ochylski, Wright Nays: None Abstain: None Absent: None</p>
<p>14. FUTURE AGENDA ITEMS</p>	<p>Director Storm reported that he will give his Parks and Recreation report at the next Board Meeting.</p> <p>President Wright requested the Creek Discharge presentation be given in the near future and General Manager Kivley reported that the item was scheduled for the April 2015 meeting.</p>
<p>15. CLOSING BOARD COMMENTS</p>	<p>Director Cesena commented that we are running out of water and that things are only going to get more interesting.</p> <p>Director Tornatzky believes we've accomplished a number of things to move the District's agenda forward and be in a happier place in five years. He would like to see the District be more aggressive, move faster and not get involved in fruitless discussions.</p> <p>Vice President Ochylski reported that Assemblyman Katcho Achadjian received the 2014 Legislator of the Year at the recent CSDA San Luis Obispo Chapter Annual Meeting.</p> <p>President Wright announced that applications for ESAC and FAC Alternate Committee Members are being accepted and the upcoming extra Clean Up Week to be held April 13-17, 2015.</p>
<p>16. ADJOURNMENT</p>	<p>The meeting adjourned at 9:17 p.m.</p>