

**Los Osos Community Services District
Minutes of the Utilities Advisory Committee Meeting
April 18, 2018 at 5:30 p.m. at the District Office**

AGENDA ITEM	DISCUSSION	FOLLOW-UP
1. Call to Order, Flag Salute and Roll Call	<p>Chairperson Cesena called the meeting to order at 5:32 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Jan Harper, Committee Member – Present Gene Heyer, Committee Member – Present Leonard Moothart, Committee Member – Present Ron Munds, Committee Member – Absent Eric Silva, Committee Member - Present Chuck Cesena, Chairperson – Present</p> <p><u>Staff:</u> Renee Osborne, General Manager Jose Acosta, Utility Systems Manager Ann Kudart, Administrative Services Manager</p>	
2. Welcome 2018 Committee Members and Review Brown Act Guidelines	<p>Chairperson Cesena welcomed the members and thanked them for their service to the community.</p> <p>Vice President Ochylski provided a PowerPoint presentation regarding the Brown Act, explaining that it is a law which guarantees the public's right to attend and participate in meetings of local legislative bodies, and defining the open meeting requirements of the Brown Act.</p>	
3. Approval of UAC Minutes of March 21, 2018	<p>Public Comment – None</p> <p>Committee Member Harper made a motion to approve the minutes of March 21, 2018. The motion was seconded by Committee Member Heyer and approved unanimously.</p>	Action – File approved minutes.
4. Update Regarding January 17, 2018 BMC Item 7e. Recycled Water Agreements for Agricultural Users	<p>Chairperson Cesena reported that the County's Coastal Development Permit has a requirement that at least 10% of the water from the reclamation facility go to an agricultural exchange program with the reclaimed water traded to farmers for the potable water they are extracting from the ground to irrigate their crops. There are four contracts in place to send the water to a greenhouse that may not have been used in years, a polo field, and two others that have not been irrigating anything and the concern is that these four who have not been irrigating a crop will be getting this water, which is not the intent of the program; that the conditions have changes and there is no water to be sent outside the basin.</p> <p>Public Comment – Lynette Tornatzky commended on the cost of lawyers to make these changes; future population and increased water usage.</p> <p>Linde Owen commented on the need for a full reevaluation of where the water is going and what would be the best use of the water; blending; and, asupported the local schools getting the water.</p> <p>Jeff Edwards commented that this program does nothing for seawater intrusion; that we should rely on Special Condition 5D language to make a case; that the irrigated agriculturalists do not want any of the water; and, we must manage our basin.</p> <p>Richard Margetson commented that dryland farm irrigation in this manner has zero mitigation factor in seawater intrusion and should go to those places in town that will have the most benefit for addressing seawater intrusion; and, that the contracts with the school district are for \$1300 to \$1600 per acre foot.</p> <p>Chairperson Cesena and Committee Member Harper will work together to draft a letter for Committee review.</p>	Action – Draft letter, bring back to the Committee at their next meeting for review and edits, and recommendations to the Board.

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<p>5. Utilities Department Updates</p>	<p>Utility Systems Manager Acosta reported that the RFP has been released for the 8th Street storage facility and is receiving interest from contractors; that the dump bed replacement has been approved by the Board and R&R Truck Bodies was selected and given approval to proceed; that approval was given by the Board for purchase of the new replacement vehicle; and, that staff is finalizing the Electronic Annual Report (EAR) for the State including a new survey regarding lead service lines and reported that the District has no lead service lines.</p> <p>Public Comment – Jeff Edwards commented on the water consumption data and the amount the District pumps.</p> <p>Mr. Acosta responded that the meter replacement program should close the gap.</p> <p>Richard Margetson commented on the need for an analysis regarding the revenue loss.</p> <p>Chairperson Cesena requested this be brought back at the next meeting.</p> <p>Linde Owen commented on the increase in water use.</p>	<p>Action – Staff will provide an analysis regarding water consumed versus water produced.</p>
<p>6. Update Regarding the Water Rate Stabilization Funds</p>	<p>General Manager Osborne reported that per Resolution 2010-07, the fund should represent 10% of the total annual Water Ops and Maintenance budget and requested the Committee recommend the amount to transfer from the Water Stabilization Reserve to General Contingency Reserve.</p> <p>Public Comment – Richard Margetson commented that Debt Service should not be a part of this as the annual requirements for the I-Bank repayment is that the District, after paying all other expenses relating to water, 110% of the payment above and beyond those expenses.</p> <p>Committee Member Moothart made a motion that Operation and Maintenance of the Water Department should include Payroll, Services, Maintenance and Supplies, and the Admin Transfer. The motion was seconded by Committee Member Heyer and approved unanimously.</p>	<p>Action: The Committee recommended that Operation and Maintenance of the Water Department should include Payroll, Services, Maintenance and Supplies, and Admin Transfer.</p>
<p>7. Draft Fiscal Year 2018/2019 Water and Drainage Budgets</p> <p>* Update Regarding CIP List</p> <p>* Staff Recommended Small Projects and Equipment Needs</p> <p>* Draft FY 18/19 Water Budget</p>	<p>General Manager Osborne reported that the District received the County's estimated property tax summary and that the draft Water and Drainage Budgets reflect those numbers; that the CIP lists has been updated and reviewed by District Engineering Rob Miller; and, that staff is requesting Committee recommendation for these two budgets, the allocation of Water property tax, and Reserve transfers.</p> <p>Utility Systems Manager Acosta reported that staff reviewed, prioritized, and included new items on the Capital Improvement Projects list and provided an update of the Water and Drainage CIP lists submitted with the agenda packet.</p> <p>Public Comment – Richard Margetson commented on the CIPs being rolled over.</p> <p>Linde Owen inquired as to the conditions of the County drainage basins and supported the dead-end flushing.</p> <p>Lynette Tornatzky commented on the valve turning equipment.</p> <p>General Manager Osborne reviewed the Water Budget, reported on 4035 Property Taxes, 4105 Recycled Water Revenue, and 4930 Other Revenue.</p> <p>Public Comment – Richard Margetson commented that the water revenues are incorrect, that we are averaging over \$400,000 above last year at this point in time, and that the Rate Committee should reconvene and review the projections.</p>	<p>Action: The Committee recommended that the Board reconvene the Water Rate Subcommittee and that the 12.5% transfer of property tax from Water go to Drainage.</p>

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<p>* Draft FY 18/19 Water Budget (continued)</p> <p>* Draft FY18/19 Drainage Budget</p>	<p>General Manager Osborne reviewed Salaries/Wages, Payroll Taxes and Benefits, that there were no significant changes in Services and Supplies, Insurance and Regulatory Fees, Legal and Professional Services, and Office Operations. She reported on Disposal Services, siding for the buildings, water distribution and the reservoir inspection, Infrastructure projects, Debt Service, Reserves, and Transfers.</p> <p>Public Comment – Richard Margetson commented that most of the Capital Improvements could be paid out of the budget and not out of reserves; and believes 8610 Electric should be closer to \$10,000.</p> <p>General Manager Osborne requested that the 12.5% property tax transfer from Water come to Drainage; and reviewed the budget with the Committee noting no major changes to this fund and discussed the addition of three projects to 9006 Capital Outlay.</p> <p>Public Comment – Richard Margetson commented on cell phones and electric budgets, the Interfund Transfer to Admin, and that there are monies in Drainage Reserves that could be used.</p>	
<p>8. Public Comments on Items NOT on this Agenda</p>	<p>Richard Margetson commented that with the water revenue increasing projects can move up on the CIP List.</p>	
<p>9. Schedule Next UAC Meeting</p>	<p>The next meeting of the Utilities Advisory Committee is scheduled to be held on Wednesday, May 16, 2018 at 5:30 p.m. unless otherwise noticed.</p>	
<p>10. Closing Comments by UAC Committee Members</p>	<p>None.</p>	
<p>11. Adjournment</p>	<p>The meeting adjourned at 8:38 p.m.</p>	