

**Los Osos Community Services District
Board of Directors
Minutes of the Special Meeting of May 20, 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 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 at 6:21 p.m. Mike Wright, President – Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Michael Doyel, District Accountant Phill Veneris, Battalion Chief Margaret Falkner, Utility Compliance Technician Ann Kudart, Administrative/Accounting Assistant</p> |
| <p>2. PUBLIC HEARING Proposed Fiscal Year 2015/216 Budget</p> <p>Funds 100, 200, and 400</p> <p>Fund 301</p> <p>Funds 500</p> <p>Fund 600</p> <p>Fund 650</p> <p>Fund 800</p> | <p>President Wright proposed the item be presented in blocks beginning with staff reporting and public comments on Funds 100 Admin, 200 Bayridge, 400 Vista de Oro; then Fund 301 Fire; and followed by Funds 500 Water, 600 Wastewater, 650 Solid Waste and 800 Drainage.</p> <p>General Manager Kivley presented Block 1: Funds 100, 200, and 400, reporting on the salaries and wages, payroll taxes and benefits, services and supplies, and transfers in Fund 100. She reported on the revenue, personnel services, services and supplies, and capital outlay in Funds 200 and 400 reporting that Fund 400 operates in a deficit and should the Board adopt the Vista de Oro budget there will need to be an amendment to the interfund loan agreement. Salary and Fringe Benefits allocations in Funds 200 and 400 are increasing due to increase in staff time to insure an efficient transition to the County.</p> <p>Public Comment: Richard Margetson opposed the allocation of Administrative costs.</p> <p>General Manager Kivley presented Block 2: Fund 301 Budget included a 10.65% increase in the Schedule A contract which equates to \$216,783; a \$1/hour increase to insure compliance with the minimum wage increase January 1, 2016; and the CalPERS Legacy Reserve Firefighters unfunded liability of \$6,102. The proposed budget shortfall is \$13,339.</p> <p>Following Board questions concerning 2% property tax rate, Admin allocations, budget shortfall, computers, and allocation of funds from the sale of fire truck, General Manager Kivley responded that the Admin allocation methodology was set by the Board, that there are 3 1/3 computers in Fire, and that the 2% tax rate was the actual County estimate. District Accountant Doyel reported that the \$34,000 from the sale of the fire truck were a gain on the sale of the assets and are in the sinking fund reserve. He will be research where the remaining funds were placed.</p> <p>Public Comment: Richard Margetson commented on the Admin allocation, property taxes, and the staff report.</p> <p>General Manager Kivley presented Block 3: Funds 500, 600, 650, and 800. She reported on Fund 500 salary and fringe benefit costs and that staff recommended no increase in revenues. She reported on the increase in funding for regulatory fees, to Legal fees relative to finalizing the ISJ, and to brine disposal for the Nitrate Treatment Facility. She reported on funding several Capital Improvement Projects and reserves.</p> <p>General Manager Kivley reported a recommended increase of \$12.00 per parcel in the Administrative Charge to allow total repayment to the Bond Redemption Reserve account. She reported that the assessment payment of \$30,003.39 per the agreement between the District and Bonaire Investment was never included in any budget since its inception.</p> <p>General Manager Kivley reported a Reserve balance and a minor charge for cost allocation.</p> <p>General Manager Kivley reported revenues exceed expenditures in Fund 800 and that monies had been budgeted to continue chipping events.</p> |

| AGENDA ITEM | DISCUSSION |
|--|---|
| <p>2. PUBLIC HEARING Proposed Fiscal Year 2015/216 Budget (continued)</p> | <p>Director Tornatzky applauded the leadership and staff in producing the Budget document.</p> <p>Director Cesena questioned the Bond Reserve repayments and asked Chief Veneris if he was consulted regarding Admin cost allocations.</p> <p>General Manager Kivley reported that there are no records of the \$25,000 Bond repayments.</p> <p>Chief Veneris reported that regarding Admin cost allocations neither he nor his staff were consulted by the Ad Hoc committee.</p> <p>Public Comment: Peggy Pavek opposed water rate payers subsidizing the District.</p> <p>Richard Margetson commented on water revenues and Fund 600 Bond reserve.</p> <p>Lynette Tornatzky supported the budget.</p> <p>Following Board discussion, staff was directed to adjust the Property Tax to 2.94% as projected by the County with the acknowledgement that mid-year adjustments may be necessary.</p> <p>A motion was made by Vice President Ochylski that the Board continue the public hearing on the Proposed Budget for FY 2015/2016 to the Board's regular meeting on June 4, 2015 when the Final Budget for FY 2015/2016 will be presented for adoption, and that staff amend the Property Tax Revenues to 2.94% as directed by the Board. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Storm, Cesena, Tornatzky, Wright Nays: None Abstain: None Absent: None</p> |
| <p>3. ADJOURNMENT</p> | <p>The meeting adjourned at 7:11 p.m</p> |