



February 15, 2019

**TO:** LOCSD Board of Directors  
**FROM:** Ann Kudart, Administrative Services Manager  
**SUBJECT:** **Agenda Item 11B – 3/7/2019 Board Meeting**  
Approve Prior Meeting Minutes

**President**  
Marshall E. Ochylski

**Vice President**  
Charles L. Cesena

**Directors**  
Matthew D. Fourcroy  
Vicki L. Milledge  
Christine M. Womack

**General Manager**  
Renee Osborne

**District Accountant**  
Robert Stilts, CPA

**Unit Chief**  
Scott M. Jalbert

**Battalion Chief**  
George Huang

**DESCRIPTION**

Attached are the minutes of the Board of Directors meeting held February 7, 2019 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 meeting held February 7, 2019.***

Attachment

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**Los Osos Community Services District  
DRAFT Minutes of the Regular Meeting of February 2, 2019**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/SILENT OBSERVANCE/ROLL CALL</b></p>	<p>President Ochylski called the meeting to order at 6:02 p.m., led the flag salute and asked for a moment of silent observance.</p> <p>Roll Call:            Matthew Fourcroy, Director – Present            Vicki Milledge, Director – Present            Christine Womack, Director – Absent            Chuck Cesena, Vice President – Present            Marshall Ochylski, President – Present</p> <p>The following staff was present:            Renee Osborne, General Manager            Roy Hanley, District Counsel            Rob Miller, District Engineer            Jose Acosta, Utility Systems Manager            Ann Kudart, Administrative Services Manager</p>
<p><b>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS</b></p>	<p>Legal Counsel Hanley announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>REAL PROPERTY MATTERS (Government Code §54956.8)</u>            Conference with Real Property Negotiator            Property: APN 074-141-003 Lupine Pump Station Site            Agency Negotiator: Renee Osborne, General Manager            Negotiating Parties: County of San Luis Obispo            Instruction to Negotiator: Potential purchase, terms and price.</p>
<p><b>3. PUBLIC COMMENT</b></p>	<p>Public Comment – None</p>
<p><b>4. ADJOURN TO CLOSED SESSION</b></p>	<p>The Board adjourned to Closed Session at 6:03 p.m.</p>
<p><b>5. RECONVENE TO OPEN SESSION</b></p>	<p>The Board reconvened to Open Session at 7:04 p.m.</p> <p>The following Directors were present:            Charles Cesena, Director – Present            Matthew Fourcroy, Director – Present            Christine Womack, Director – Present            Marshall Ochylski, Vice President – Present            Vicki Milledge, President – Present</p> <p>The following staff was present:            Renee Osborne, General Manager            Roy Hanley, District Counsel            Jose Acosta, Utility Systems Manager            Ann Kudart, Administrative Services Manager</p>
<p><b>6. REPORT OUT OF CLOSED SESSION MEETING</b></p>	<p>Legal Counsel Hanley reported that the Board took no reportable action in Closed Session.</p>
<p><b>7A. Resolution of Board of Directors Taking Action in Regards to the Clerical Error by County of San Luis Obispo Elections Officials Concerning Christine Womack's Membership and Term on the Board of Directors of the Los Osos Community Services District</b></p>	<p>Director Womack recused herself and left the dais.</p> <p>District Counsel Hanley provided a summary of the report as submitted in the agenda packet which gives the Board an opportunity to take official action for the District regarding Christine Womack's tenure as a member of the Board and declaring the District's intent regarding the term of the tenure.</p> <p>President Ochylski proposed an alternative in that the appointment of Christine Womack would be effective for two years and then in 2020 her seat would be up for election for a four-year term.</p> <p>Public Comment – Julie Tacker commented that the District should have communicated directly with Mr. Gong, that the mistake should have been rectified, and that the County should reimburse the District for any costs incurred.</p> <p>Vita Miller supported the previous speaker's comments and President Ochylski's proposed alternative.</p> <p>Lynette Tornatzky supported a four-year term for Director Womack.</p>

AGENDA ITEM	DISCUSSION
<p><b>7A. Resolution of Board of Directors Taking Action in Regards to the Clerical Error by County of San Luis Obispo Elections Officials Concerning Christine Womack's Membership and Term on the Board of Directors of the Los Osos Community Services District (continued)</b></p>	<p>Linde Owen commented on correcting mistakes, doing the right thing and opposed a four-year term for Director Womack.</p> <p>Richard Margetson commented that the GM and the Directors should have a knowledge of the District's election process and opposed a four-year term for Director Womack.</p> <p><b>A motion was made by President Ochylski to adopt Resolution 2019-08, seating Director Womack for a two-year term and at the end of that term the seat would be up for election as a four-year term. The motion was seconded by Director Fourcroy and carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Fourcroy, Milledge, Cesena</b>  <b>Nays: None</b>  <b>Absent: None</b>  <b>Conflict: Womack</b></p> <p>Director Womack returned to the dais.</p>
<p><b>7B. Consider the District's Portion of the Basin Management Committee's (BMC) Operating Budget for Calendar Year 2019</b></p>	<p>President Ochylski provided a brief summary of District Engineer Miller's report as submitted with the agenda packet reporting that the District is responsible for 38% of the BMC budget under the stipulated judgement with the courts and that Golden State is responsible for 38%, the County 20%, and S&amp;T Mutual 4%.</p> <p>Public Comment - None</p> <p><b>A motion was made by Director Milledge that the Board approve the District's portion of the Basin Management Committee's Budget with respect to the costs anticipated in Fiscal Year 2018/2019 in the amount of \$33,288 and direct staff to include funding in the draft 2019/2020 budget in the amount of \$22,458 for BMC expenses through Calendar Year 2019. The motion was seconded by Vice President Cesena and carried 5-0.</b></p>
<p><b>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b></p>	<p>Julie Tacker commented on a personnel settlement and that the costs should come not come from the Water fund but from the Admin fund.</p> <p>Vita Miller commented on the election issues and thanked Mr. Best for his intent in seeing the right thing done for the community and wished him well.</p> <p>Linde Owen commented on healthy discussions to see that things are done correctly for our community.</p> <p>Richard Margetson voiced his disappointment that Mr. Cesena is not this year's Board President.</p> <p>Lynette Tornatzky commented that she did not go door-to-door speaking against Mr. Cesena as the previous speaker stated.</p> <p>Lou Tornatzky commented that he did campaign for Mr. Fourcroy.</p>
<p><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS</b></p> <p><b>A. Fire Department Report</b></p> <p><b>B. Sheriff Department Report</b></p> <p><b>C. Utilities Department Report</b></p>	<p>Chief Alex was unavailable. The Chief's Report for January 2019 was submitted in the agenda packet. General Manager Osborne reported that Chief Alex has been promoted and reassigned, that Chief Spinharney has retired, and that Chief Huang will be Station 15-South Bay Battalion Chief.</p> <p>Commander Manuele, Sheriff's Coast Station, provided a report of Sheriff Department activities for the month of January 2017 with 517 calls for service which included assaults, disturbances, burglary, thefts, phone scams, and suspicious circumstances.</p> <p>Utility Systems Manager Acosta provided a summary of the December 2018 activities of the Utilities Department as submitted in the agenda packet, reporting that residential water usage was 50.8 gallons per person per day, a decrease from this same time last year. He reported on the production and runtime hours by well site, water billing information, Utilities Department operations and maintenance, water distribution and treatment, and rainfall totals. The crews completed the installation of upgrades at 16<sup>th</sup> Street Drainage Facility; the contractor completed installation of new control panels at the Don and Mitchell and the Bayridge Estates drainage facilities; and, crews performed generator and pump tests at the Don and Mitchell drainage facility.</p>

AGENDA ITEM	DISCUSSION
<b>D. General Manager Report</b>	General Manager Osborne provided a summary of the GM's activities for January 2019 as submitted with the agenda packet reporting that staff has been working on the mid-year budget adjustments which had been reviewed by the committees, working with the Ad Hoc Committee regarding refinancing of the wastewater bonds, that the move to Suite 110 has been completed, provided an update regarding the 2019 Water Conservation Campaign, and the Continuing Disclosure Annual Report for Fiscal Year Ended June 30, 2018 prepared by NBS.
<b>E. Los Osos Community Advisory Council Report</b>	Lynette Tornatzky provided an update of LOCAC's January 24 <sup>th</sup> meeting reporting that Supervisor Gibson appointed Sue Morgenthaler to the Council; that County Planner Kerry Brown reported on a meeting regarding the 1 <sup>st</sup> Street Project to be held February 13 <sup>th</sup> , that the Community Plan Update would be delayed pending the release of the Habitat Conservation Plan; that the Council supported three cannabis projects and a home construction project; and, that a vacation rental project was not supported.
<b>F. Los Osos/Baywood Park Chamber of Commerce Report</b>	President Ochylski, 2019 Chamber President, reported on the January 18 <sup>th</sup> Community Awards and Installation Dinner; that there would not be a Chamber Mixer in February; and, that the Chamber's Business Expo would be held March 14 <sup>th</sup> .
<b>G. Los Osos Focus Group of the Fire Safe Council Report</b>	Tom Wright, Coordinator of the Los Osos Focus Group of the Fire Safe Council, reported that their next meeting would be held February 11 <sup>th</sup> in which the Group would be meeting with the new County Parks staff who will be working the Monarch Grove area and discussing hazardous fuel reduction in that area; the group is looking forward to working with the new Station 15 Fire Chief; and, a CERT meeting would be held on February 19 <sup>th</sup> at the Morro Bay Fire Station.
<b>J. Ad Hoc Committee Update Regarding Bond Refinancing</b>	President Ochylski provided an update on the bond refinancing reporting that the final rating came in with a cash flow saving of \$2,003,020 and thanked Director Womack, staff and everyone who worked to make this happen. Director Womack reported that this was for 4,188 properties with a savings of \$474 per property on average.
<b>H. Utilities Advisory Committee Report</b>	Committee Chairperson Cesena reported on the January 16 <sup>th</sup> UAC meeting in which the Committee heard an update regarding the Utilities Department activities and the 8 <sup>th</sup> Street Building Project; that the Committee will review the leak adjustment policy at the next UAC meeting on February 20 <sup>th</sup> .
<b>I. Finance Advisory Committee Report</b>	Committee Chairperson Ochylski reported on the February 4 <sup>th</sup> FAC meeting in which the Committee recommended Board approval regarding the warrant register with the qualification that all costs attributed to the District's election be reimbursed by the County, to receive and file the financial reports but bill the County for the costs incurred by the election issue; and that the warrants and the financials figures did not match. The Committee recommended Board approval of the mid-year budget adjustments, approved the reconciliation of the water and drainage reserves, and recommended keeping the Low Income Assistance Fund Program in place until all properties have hooked up to the sewer.
<b>K. Standing Committees Local Appointments List</b>	President Ochylski reported that this is a list of current members of the District's advisory committees that is published each year for informational purposes and at this time, Director Tornatzky's appointees are gone and there is a vacancy on UAC for Director Womack's appointment.
<b>L. Appointment of District Advisory Committee Chairpersons and Vice Chairpersons and Appointment of District Representatives to Outside Agencies by the Board President</b>	President Ochylski appointed himself as FAC Chairperson and Director Womack as Vice Chairperson; Vice President Cesena as UAC Chairperson and Director Fourcroy as Vice Chairperson; Director Milledge as ESAC Chairperson and Vice President Cesena as Vice Chair; and Director Fourcroy as Parks & Recreation Chairperson and Director Womack as Vice Chairperson.  President Ochylski appointed himself to the Basin Management Committee with Vice President Cesena as Alternate; Vice President Cesena to the Water Resources Advisory Committee and General Manager Osborne to the Integrated Regional Water Management; himself to the Morro Bay National Estuary Program; Vice President Cesena to CAPSLO; Director Milledge to the Los Osos Fire Safe Council; appointed each Director to rotate monthly at LOCAC meetings, beginning with Director Womack at the February 28 <sup>th</sup> meeting; and, appointed Director Fourcroy to an Ad Hoc Committee to explore the social media experience for the District.
<b>M. Appoints to District Advisory Committees by Director Fourcroy</b>	Director Womack reported that she was not ready to make her UAC appointment and that FAC Committee Member Joyce Witt would be stepping down. Director Fourcroy appointed Jennifer Foronjy to Parks and Recreation, Craig Baltimore to ESAC, Cheri Grimm to FAC, and Ron Munds to UAC.

AGENDA ITEM	DISCUSSION
<p><b>N. Directors Announcements of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</b></p> <p><b>O. Response to Previously Asked Questions</b></p>	<p>Vice President Cesena reported on his attendance at the February 6<sup>th</sup> WRAC meeting reporting that 11 of the 13 water districts in the County increased water usage last year; heard the rain and reservoir report; and, that he would like to give WRAC a report regarding what the Basin Management Committee has been doing including the stormwater recapture and recharge project, the drilling of the new well, and the recycled water contracts. Regarding his attendance at CAPSLO, he reported on the opening of the new 40 Prado Center and its focus on meeting the essential services that are needed.</p> <p>President Ochylski reported that the Basin Management Committee met January 20<sup>th</sup> and the 2018 officers will remain the same in 2019; heard an update on the Basin Management Plan Infrastructure Projects including the controversial eastside well; heard a report on the metric trends for the Groundwater Basin which shows it to be holding steady, slightly reversing; adopted annual budget contingent upon each of the four parties approval their portion; and that the Committee did hear a report from Vice President Cesena regarding the contracts with the dryland farmers.</p>
<p><b>10. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</b></p>	<p>President Ochylski removed Item 11E from the Consent Agenda at the request of the General Manager.</p> <p>Public Comment – Linde Owen commented on meetings showing on Channel 20 and supported simple reminder banners used in this year's Water Conservation Campaign and not the kids' designs; and the deadline for the committee applications.</p> <p>Julie Tacker thanked Tom Wright for his efforts to get a free library box installed at the fire station; commented on the Low Income Assistance Fund accounting; the need for a discussion regarding water rate payers not bearing the burden for the personnel settlement; and, that the financial reports should have been reconciled and provided at this meeting.</p> <p>Richard Margetson agreed with Ms. Tacker regarding the financial reports; commented on issues regarding the reconciliation of the water reserves and that the District does not have verified reserve amounts.</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 January 10, 2019</b></p> <p><b>C. Approve Warrant Register for January 2019</b></p> <p><b>D. Receive Financial Reports for the Period Ending December 31, 2018</b></p> <p><b>E. Approve Fiscal Year 2018/2019 Mid-Year Budget Adjustments</b></p> <p><b>F. Authorize Designated Officers for the Local Agency Investment Account (LAIF)</b></p> <p><b>G. Approve Reconciliation of Water Reserves and Drainage Reserves</b></p> <p><b>H. Permission to Install a "Little Free Library" Box at Station 15-South Bay Fire Department</b></p> <p><b>I. Adopt on Second Reading by Title Only of an Ordinance Regarding Abatement of Hazardous Vegetation</b></p>	<p>A motion was made by Director Womack that the Board receive and file the Administrative and Committee Reports and approve the Consent Agenda with the exception of Item 11E. The motion was seconded by Director Milledge and carried with the following vote:</p> <p><b>Ayes: Directors Womack, Milledge, Fourcroy, Cesena, Ochylski</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>12. GENERAL ACTION ITEMS</b></p> <p><b>A. Not Used</b></p>	

AGENDA ITEM	DISCUSSION
<p><b>B. Adopt Resolution Amending the Board Bylaws and Rules of Decorum for 2019</b></p>	<p>President Ochylski reported that he and Vice President Cesena, as the Ad Hoc Committee, reviewed the Bylaws and provided a redlined version with the agenda packet. He reported that minor changes were made for consistency purposes only; that the Vice President would be the President Elect unless there is a 4/5's vote; clarification as to which meetings a director is authorized to receive compensation; that standing committee members serve at the pleasure of the person appointing them and do not have to reapply each year; and, meeting summary notes shall be forwarded to the Board as a public record.</p> <p>Public Comment – Linde Owen commented on the committee application deadline and why an appointment was not being made when an application had been received.</p> <p>Julie Tacker commented on the changes to the Directors Compensation and would like to see the District's Bylaws comply with the law, be transparent, and recommended Directors be paid as independent contractors and receive 1099s not processed through payroll.</p> <p><b>Vice President Cesena moved that the Board adopt 2019-09 adopting the 2019 Los Osos Community Services District Board of Directors Bylaws and Rules of Decorum. The motion was seconded by Director Fourcroy and carried with the following vote:</b></p> <p><b>Ayes: Directors Vice President Cesena, Fourcroy, Milledge, Womack, Ochylski</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>C. Report Regarding Board of Director Compensation</b></p>	<p>General Manager Osborne provided a brief summary of the report as submitted with the agenda packet reporting that after reviewing the compensation forms mistakes had been found and those directors have reimbursed the District for overpayment.</p> <p>Public Comment – Julie Tacker commented on questionable items and meetings not eligible for compensation.</p> <p>Linde Owen commented on the need to reinvestigate the overcompensation and supported reimbursement of overpayment.</p> <p>Tom Wright commented that not all forms were reviewed and validated.</p> <p>Vita Miller commented on the need for an audit and clarification as to the process in the future.</p> <p>The Board discussed establishing a reserve account for Director training when a Director declines compensation; that attendance shall be compensated only for those meetings appointed by the Board President; and a procedure and process should be established regarding the submittal of compensation forms.</p> <p><b>A motion was made by Director Fourcroy that, starting from this point forward, the Board create a reserve fund in the mid-year budget for Director training when a Director declines compensation and adopt a procedure for the submittal of compensation forms, along with a written committee meeting summary. The motion was seconded by Vice President Cesena and passed on a vote of 5-0.</b></p>
<p><b>D. Discussion Regarding Bayridge Estates Septic Tanks Decommission Process</b></p>	<p>Utility Systems Manager Acosta provided a brief summary of the report as submitted with the agenda packet reporting that East Bay Municipal Utilities District and City of Bakersfield Wastewater facilities would be willing to accept the waste product from the decommissioning of the septic tanks at Bayridge Estates.</p> <p>Public Comment – Julie Tacker commented on her concerns regarding the dangers in leaving the vaults empty and that there needs to be a full plan before moving forward.</p> <p>Linde Owen agreed with the previous speaker and that the tanks should not be left empty.</p> <p>Mr. Acosta reported that the tanks are covered, sealed and inaccessible; that they will be pressure washed, cleaned and ready for repurposing; and, that we are working with the County to use the recycled water and have already submitted our permit.</p>

AGENDA ITEM	DISCUSSION
<p><b>D. Discussion Regarding Bayridge Estates Septic Tanks Decommission Process (continued)</b></p>	<p>Director Fourcroy moved that the Board authorize staff to accept the estimate submitted at the quoted price of \$17,300.00 from R.P. Environmental Inc., and direct staff to coordinate and make payment for permitting and disposal fees to City of Bakersfield at the estimated costs of \$6,000. The motion was seconded by Director Womack and passed on a vote of 5-0.</p>
<p><b>E. Discussion Regarding 8<sup>th</sup> Street Water Yard Building, Fire Sprinkler Requirements and Additional Costs</b></p>	<p>Utility Systems Manager Acosta provided a brief summary of the report as submitted with the agenda packet reporting that per the County, fire sprinklers would be required and that staff is requesting to move forward to install the fire service line, fire sprinkler installation in the whole building and abide by the ADA requirements.</p> <p>Public Comment – Julie Tacker commented on pushing back at the County to get reimbursed for the park project, for the election, and to hold our ground on agricultural reuse.</p> <p>Vice President Cesena moved that the Board authorize staff to proceed with the permitting process through the County of San Luis Obispo Planning and Building Department and authorize staff to seek quotes for the fire sprinkler installation, along with ADA paving and parking requirements. The motion was seconded by Director Milledge and passed on a vote of 5-0.</p>
<p><b>13. DISCUSSION OF PULLED CONSENT ITEMS</b></p>	<p>None</p>
<p><b>14. FUTURE AGENDA ITEMS</b></p>	<p>Committee Work Plans to each committee for review and recommendations to the Board.</p>
<p><b>15. CLOSING BOARD COMMENTS</b></p>	<p>None</p>
<p><b>16. ADJOURNMENT</b></p>	<p>The meeting adjourned at 9:51 p.m.</p>