


May 28, 2014

TO: LOCSD Board of Directors
FROM: Ann Kudart, Administrative/Accounting Assistant III 
SUBJECT: **Agenda Item 11B – 6/5/2014 Board Meeting**
Approve Meeting Minutes of May 1, 2014 and May 27, 2014

President
Craig V. Baltimore

Vice President
R. Michael Wright

Directors
Leonard A. Moothart
Marshall E. Ochylski
Jon-Erik G. Storm

General Manager
Kathy A. Kivley

Interim District Accountant
Dale G. Flynn

Fire Chief
Robert Lewin

Battalion Chief
Phill Veneris

DESCRIPTION

Attached are minutes from the LOCSD Board of Directors Regular Meeting of May 1, 2014 and Special Closed Session Meeting of May 27, 2014.

SUMMARY OF 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 meetings of May 1, 2014 and May 27, 2014.

Attachments

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**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Regular Meeting of May 1, 2014**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>President Baltimore called the meeting to order at 6:04 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Leonard Moothart, Director – Present Marshall Ochylski, Director – Present Jon-Eric Storm, Director – Present Michael Wright, Vice Present – Present Craig Baltimore, 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(a))</u> Conference with Legal Counsel Regarding Existing Litigation (Formally Initiated): - <i>In re Los Osos Community Services District (ND-06-10548)</i> United States Bankruptcy Court, Central District of California, Northern Division - <i>LOCSD v. Golden State et al</i> (Groundwater Adjudication), Case No. CV040126 (San Luis Obispo Superior Court)</p> <p>B. <u>PERSONNEL MATTERS (Government Code §54957)</u> - Public Employee Performance Evaluations: District General Manager and District Legal Counsel</p> <p>C. <u>REAL PROPERTY MATTERS (Government Code §54956.8)</u> Conference with Real Property Negotiator - Property: APN 038-251-027 Agency Negotiator: Kathy Kivley, District General Manager and Michael Seitz, Legal Counsel Negotiating Party: Verizon Communications Issue: Use of Property</p> <p>Public Comment – Lynette Tornatzky commented on the Employee Performance Evaluations approving the General Manager and District Counsel's job performance.</p> <p>Vicki Milledge commented on the Real Property Matters and strongly recommended that the Board support the cell tower project.</p> <p>Julie Tacker commented on the Employee Performance Evaluations disapproving of the General Manager's job performance.</p> <p>The Board adjourned to Closed Session at 6:15 p.m.</p>
	<p>The Board reconvened to Open Session at 7:06 p.m. Director Moothart led the flag salute.</p> <p>The following Board Members were present: Leonard Moothart, Director Marshall Ochylski, Director Jon-Eric Storm, Director Michael Wright, Vice Present Craig Baltimore, President</p> <p>The following Staff were present: Kathy Kivley, General Manager Michael Seitz, District Legal Counsel Rob Miller, District Engineer Phill Veneris, Battalion Chief Margaret Falkner, Utility Compliance Technician Ann Kudart, Administrative/Accounting Assistant</p>

AGENDA ITEM	DISCUSSION
6. RECEIVE REPORT OUT OF CLOSED SESSION	District Counsel Seitz reported that the Board heard a report on the ISJ and gave direction to staff. The Board did not hear a report pertaining to the bankruptcy. In regards to Personnel, the Board discussed the conclusion of the General Manager's evaluation. In regards to Item C, the Board gave direction to the Labor Negotiators but took no reportable action.
7. PUBLIC HEARING	<p>General Manager Kivley introduced the first draft of the Proposed Budget and the various account titles associated with the budget. She reported that the Nitrate Removal Project was removed from the water fund as it will be accounted separately as Fund 550 and that all future grants will be accounted in its relative fund separately and independently. She reported on the Budget Message included with the budget which is consistent with standard accounting practices; the on-going debt repayment for the premature borrowing of funds in 2006 from the Bond Reserve Account to make the bond payment and an interfund loan from Water and Solid Waste to the Wastewater for Wastewater Project. She reported that the Actuals for 2012/2013 are incorrect on the detailed sheets, they are correct on the summary sheets as the actual audits were used. She reviewed the Statement of Activities and accepted questions from the Board.</p> <p>President Baltimore opened the Public Hearing to comments from the public.</p> <p>Paul Malykont commented on the July 1 budget adoption date.</p> <p>Julie Tacker commented on overstaffing and District office hours; lack of ESAC financials; and her Public Records Request to view District bank statements.</p> <p>Richard Margetson commented on the budget presentation; the Administrative Allocations; and the Bond Reserve loan. He believes there are errors throughout the document; commented on transfers in and transfers out; and the deficits.</p> <p>President Baltimore closed the Public Hearing.</p> <p>Following Board discussion, direction was given to staff to balance each of the enterprise funds to have a balanced overall District budget based on Administration Costs being allocated using both the expenditures model and the revenues model.</p>
8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA	<p>Tom Salmon commented on Code of Ethics and wasted treatable water.</p> <p>Director Ochylski, followed by Director Storm, left the dais in protest of the speaker's comments.</p> <p>Nancy Mauter requested a full Board be present for her comments.</p> <p>Director Storm and Director Ochylski returned to the dais.</p> <p>Ms. Mauter, Marchia Munson on behalf of Heidi Harmon, Laurene Kuczvara, Stacy Hunt, Kevin McCarthy, Shari McCarthy, Jeannie Blackwell and George Mannel opposed hydraulic fracturing and called upon the Board of Directors to write a letter to the San Luis Obispo County Board of Supervisors to adopt a countywide ban on fracking. A petition list, a copy of letters from the City of San Luis Obispo and the City of Arroyo Grande, and a template were provided to staff.</p> <p>Chuck Cesena supported fracking. He commented on the Los Osos Sustainability Group's (LOSG) concerns of saltwater intrusion destroying our groundwater basin. He requested joint meetings with LOCAC be held on the fifth Thursday of the month.</p> <p>Elaine Watson strongly supported a joint meeting of the District and LOCAC concerning the basin.</p> <p>Keith Wimer urged the Board to request a joint meeting with LOCAC; overdraft of the basin; and the LOWWP conservation program.</p> <p>Linde Owen supported the ban on fracking and thanked the LOSG for all their work in trying to save the basin.</p> <p>Julie Tacker supported the ban on hydraulic fracturing; supports the LOSG; and commented on Director Ochylski's representation of the landowner for the McDonald's project.</p> <p>Richard Margetson voiced his support of Muril Clift as District 2 Board of Supervisor.</p>

AGENDA ITEM	DISCUSSION
<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. LOCAC Report</p> <p>E. Emergency Services Advisory Committee (ESAC) Report</p> <p>F. Utilities Advisory Committee (UAC) Report</p> <p>G. Finance Advisory Committee (FAC) Report</p> <p>H. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences and Seminars</p>	<p>Battalion Chief Veneris reported on the upcoming chipping event and provided service request door hangers; the special public event where Fireman's Fund presented a \$10,000 grant; and he provided a summary of the March 2014 report as submitted in the agenda packet.</p> <p>Utility Compliance Technician Falkner reported on March 2014 operations of the Utilities Department, reporting on water production and consumption, meter reading, and operations and maintenance of the water system. Crews upgraded service lines, changed out old stuck meters, assisted with a planned shut-down, and assisted with a hydrant installation. She reported on water conservation efforts by staff.</p> <p>General Manager Kivley reported that a detailed outline of her tasks and functions completed in April 2014 was submitted in the agenda packet.</p> <p>LOCAC Vice Chairperson Malykont reported on the April 24th meeting in which the Council heard reports from the Sheriff's Department, a report from Supervisor Gibson, and a presentation from Verizon Communications. He reported that candidates that filed for LOCAC ran unopposed and were elected by acclamation.</p> <p>Vice President Wright reported that at the April 15, 2014 ESAC meeting the Committee did not discuss the CPI increase for Special Fire Tax. Discussed Fund 301 draft budget and would like to review again at the May meeting. The heard a report from Chief Veneris of the February 2014 and March 2014 Department Reports. The next ESAC meeting will be held May 20, 2014.</p> <p>Director Moothart reported that at the April 9, 2014 UAC meeting all Committee members were present and had a discussion and recommended including the RFQ to develop a plan for water conservation outreach program in an RFP. They heard an update of the Emergency Water Shortage Contingency Plan. The next UAC meeting will be held May 14, 2014.</p> <p>Director Ochylski commented that at the April 21, 2014 the Committee reviewed the proposed budget and made recommendations. At the April 29, 2014 the Committee recommended the Board accept the warrants, discussed the proposed annual CPI increase for Special Fire Tax, and heard a report from District Engineer Miller of the Board item regarding the Request for Qualifications for a rate study consultant and recommended the Board approval. The next FAC meeting will be held June 2, 2014.</p> <p>Vice President Wright reported on his attendance at the April 17, 2014 CAPSLO meeting.</p> <p>Director Storm reported he attended a recent District 2 Candidate debate.</p> <p>Director Moothart reported on his attendance at the April 24, 2014 LOCAC meeting.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>Lynette Tornatzky commented on the Financial Management section of the General Manager's report.</p> <p>Julie Tacker commented on the Sheriff's presence at the meeting; ESAC discussion of the CPI; the Utilities Department report and hydrant installation; water meters and valves at the pump stations; and irrigating the Broderson site.</p> <p>Linde Owen commented on using potable water for habitat restoration; opposes the General Manager's attendance at Board of Supervisors meetings; and the upcoming Los Osos FLOW meeting on May 6, 2014.</p> <p>Keith Swanson commented on the FAC budget and Admin allocations discussions and recommendations.</p> <p>Richard Margetson commented that the weakness of the Board is finance; and disagrees with the Board's direction concerning the Administrative Allocation.</p>
<p>11. CONSENT AGENDA</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Meeting Minutes of April 3, 2014</p> <p>C. Receive Warrant Register for the Period April 2014</p>	<p>A motion was made by Director Ochylski to receive and file the Administrative Reports, the Committee Reports, and to approve the Consent Calendar. The motion was seconded by Vice President Wright and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Wright, Moothart, Storm, Baltimore Nays: None Abstain: None Absent: None</p>

AGENDA ITEM	DISCUSSION
	<p>A motion was made by Vice President Wright to extend the meeting past 10:00 p.m. The motion was seconded by Director Moothart and carried 3-2 with the following vote:</p> <p>Ayes: Directors Wright, Moothart, Ochylski, Storm, Baltimore Nays: None Abstain: None Absent: None</p>
<p>12. GENERAL ACTION ITEMS</p> <p>A. Emergency Water Shortage Contingency Plan Discussion Points</p>	<p>District Engineer Miller reported on the climate triggers based on rainfall and water quality triggers based on actual measured water quality in the 8th Street and the 10th Street wells based on evidence of seawater intrusion. He discussed the need for consultant assistance to analysis revenue needs and proposed an initial contract for \$5,000 for a consultant most qualified to speak to drought management measures and meet with our committees to provide an interactive approach to the rate study.</p> <p>Public Comment – Keith Wimer commented on eliminating Stage 1; the importance of reversing seawater intrusion; indoor and outdoor conservation of less than 60 gallons per person per day; and the need to focus on considering incentives.</p> <p>Julie Tacker commented on using whichever trigger comes first; staffing a water policeman. She commented on money and water being synonymous; and SLO Green Build’s reuse of septic systems.</p> <p>Linde Owen commented on the possibility of bringing water into septic tanks to be used as holding tanks.</p> <p>Richard Margetson commented that the establishment of the Capital Improvement draw during the last rate study and the need to look at the revenue stream to see what is causing the shortfall.</p> <p>The Board discussed first hiring a consultant and then have the discussion of the triggers brought back to the Board based on the consultant’s analysis.</p> <p>Subcommittee Member Ron Munds reported on needed discussions with the County; commented on using the triggers as a framework to allow the consultant to provide recommendations. He reported that this is a process and we are in a sever situation. There is a need to get the message going and get volunteer conservation.</p> <p>A motion was made by Director Ochylski to authorize staff to prepare a Request for Qualifications and hire, up to \$5,000, a rate study consultant, with the triggers as a framework for discussion. The motion was seconded by Vice President Wright and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Wright, Moothart, Storm, Baltimore Nays: None Abstain: None Absent: None</p>
13. DISCUSSION OF PULLED CONSENT ITEMS	None.
14. FUTURE AGENDA ITEMS	<ul style="list-style-type: none"> - Agreement from County to allow District to manage Cal Fire contract - Complete Employee Performance Evaluations - Amend District Will Serve Policy
15. CLOSING BOARD COMMENTS	<p>Director Ochylski announced a Community Workshop has been rescheduled to June 19, 2014.</p> <p>Vice President Wright reminded the public of the Chipping Days event.</p> <p>President Baltimore thanked the public for their attendance.</p> <p>Director Moothart reminded the public that Candidate Muril Clift was in the audience should members of the public wish to speak with him.</p>
16. ADJOURNMENT	The meeting adjourned at 10:49 p.m.

**Los Osos Community Services District
Board of Directors**

DRAFT Minutes of the Special Closed Session Meeting of May 27, 2014

AGENDA ITEM	DISCUSSION OR ACTION
1. CALL TO ORDER/FLAG SALUTE/ROLL CALL	<p>President Baltimore called the Special Meeting to order at 5:32 p.m. and led the flag salute.</p> <p>Director Storm requested a moment of silence for the six students slain last Friday in Isla Vista.</p> <p>Roll Call: Leonard Moothart, Director – Present Marshall Ochylski, Director – Arrived at 5:35 p.m. Jon-Eric Storm, Director – Present Michael Wright, Vice Present – Present Craig Baltimore, President - Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Michael Seitz, District Legal Counsel Ann Kudart, Administrative/Accounting Assistant</p>
2. ANNOUNCEMENT OF CLOSED SESSION ITEMS	<p>District Counsel Seitz announced that the Board would convene to Closed Session for the following:</p> <p style="margin-left: 20px;">A. <u>PERSONNEL MATTERS (Government Code §54957)</u></p> <p style="margin-left: 40px;">- Public Employee Performance Evaluations District General Manager and District Legal Counsel</p>
4. PUBLIC COMMENT ON CLOSED SESSION ITEMS	<p>Tom Salmon, Julie Tacker, Richard Margetson and Chuck Snead commented on the performance evaluations.</p>
5. ADJOURN TO CLOSED SESSION MEETING	<p>The Board adjourned to Closed Session at 5:45 p.m.</p>
6. RECONVENE	<p>The Board reconvened at 6:56 p.m.</p>
7. REPORT OUT OF CLOSED SESSION OF MAY 27, 2014	<p>District Counsel reported that the Board concluded the evaluations of the General Manager and District Legal Counsel. No other reportable action took place.</p>
8. ADJOURNMENT	<p>The meeting adjourned at 6:58 p.m.</p>