



March 21, 2014

TO: LOCSD Board of Directors
FROM: Ann Kudart, Administrative/Accounting Assistant III
SUBJECT: **Agenda Item 11B – 4/3/2014 Board Meeting**
Approve Meeting Minutes of March 6, 2014 and
March 8, 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 March 6, 2014 and the Special Meeting of March 8, 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 March 6, 2014 and March 8, 2014.

Attachments

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**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Regular Meeting of March 6, 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 – Arrived at 6:07 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>
<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>PENDING LITIGATION</u> (Government Code, §54956.9(a)) 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. CV04012 (San Luis Obispo Superior Court)</p> <p>B. <u>PERSONNEL MATTERS</u> (Government Code §54957) - Public Employee Performance Evaluations: District General Manager and District Legal Counsel - District Staffing - Conference with Labor Negotiators District Negotiators: Kathy Kivley, General Manger and Michael Seitz, District Counsel Employee Organization: SLOCEA</p> <p>C. <u>REAL PROPERTY MATTERS</u> (Government Code §54956.8) Conference with Real Property Negotiator - Property: Pine Avenue, Los Osos, CA Agency Negotiator: Kathy Kivley, District General Manager Issue: Consideration of offer to exchange property</p> <p>Public Comment – Richard Margetson commented on the General Manager’s Performance Evaluation.</p> <p>The Board adjourned to Closed Session at 6:08 p.m.</p>
	<p>The Board reconvened to Open Session at 7:09 p.m.</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 Rob Miller, District Engineer Phill Veneris, Battalion Chief Margaret Falkner, Utility Compliance Technician Ann Kudart, Administrative/Accounting Assistant</p>
<p>6. RECEIVE REPORT OUT OF CLOSED SESSION</p>	<p>District Counsel Seitz reported that the Board heard a report from District Counsel regarding Items A and B but took no reportable action. In regards to Item C, the Board gave directions to the General Manager and Legal Counsel but took no reportable action.</p>

AGENDA ITEM	DISCUSSION
<p>7. GENERAL ACTION ITEM A. Fiscal Year 2012/2013 Audit Report</p>	<p>President Baltimore requested for General Action Item 12A be heard at this time.</p> <p>A motion was made by Vice President Wright for Item 12A to be heard at this point in the agenda. The motion was seconded by Director Moothart.</p> <p>Public Comment – None.</p> <p>The motion carried with the following vote: Ayes: Directors Wright, Moothart, Ochylski, Storm, Baltimore Nays: None Abstain: None Absent: None</p> <p>General Manager Kivley introduced Adam Guise, CPA and Audit Manager with Moss, Levy and Hartzheim. Mr. Guise reported that the Audit was a clean opinion, that the District is moving in the right direction and that the District's monies are in safe investments. He briefly reviewed the Statement of Net Position, Cash & Investments, Capital Asset Notes, Business Type Activities, Long-Term Liabilities and Employee Retirement Benefits.</p> <p>Public Comment – Julie Tacker commented that the internal control letter should have been included in the packet; and that the audit should have gone to the Finance Advisory Committee.</p> <p>Richard Margetson commented that the clean audit is due to previous Finance Committees.</p> <p>A motion was made by Director Ochylski to receive and file the Final Fiscal Year 2012/13 Audit Report. The motion was seconded by Director Storm and the motion carried with the following vote:</p> <p>Ayes: Directors Ochylski, Storm, Moothart, Wright, Baltimore Nays: None Abstain: None Absent: None</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Kathryn Winfrey of the Morro Bay National Estuary Program announced the April 2014 State of the Bay event series.</p> <p>Keith Wimer commented on the Basin Management Plan.</p> <p>Julie Tacker commented on the continuing waste of water due to dewatering.</p> <p>Darryl Rowe commented on the property at LOVR and Pine Avenue.</p> <p>Linde Owen requested monthly sewer updates from the County; and commented on drainage at the Mid-Town property.</p> <p>Bill Moylan agrees with the dewatering comments by Ms. Tacker.</p> <p>Richard Margetson commented on the Pine Street project, the transfer of water credits, and requested a study session on issues affecting this community.</p> <p>Jerri Walsh commented on the General Manager's performance.</p> <p>Lynette Tornatzky commented that water is going into the bay and approves of the General Manager's performance.</p>
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p>	<p>Battalion Chief Veneris welcomed Director Storm. He reminded the public to change smoke and carbon monoxide detector batteries when changing the clocks this weekend. The Chief reported on South Bay-Station 15 emergency activities, administration, special programs and projects, and fire prevention actions during January 2014. He provided a brochure containing safety tips for individuals who rely on encampment fires and for those that assist and work with the homeless throughout the county.</p> <p>Utility Compliance Technician Falkner reported on January 2014 operations of the Utilities Department, reporting on water production and consumption; meter reading; and operations and maintenance of the water system. Crews worked on meter replacements; pumped and snaked the systems in Bayridge and Vista de Oro and continued monitoring and groundskeeping in those areas.</p>

AGENDA ITEM	DISCUSSION
<p>C. LOCAC Report</p> <p>D. Emergency Services Advisory Committee (ESAC) Report</p> <p>E. Utilities Advisory Committee (UAC) Report</p> <p>F. Finance Advisory Committee (FAC) Report</p> <p>G. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences and Seminars</p>	<p>Jan Harper reported that at the February 27th LOCAC meeting the Council heard a presentation regarding cell phone towers; discussed residential housing for handicap residents and tenants; the minor use permit item was pulled due to conflicting information; a special meeting for further discussion of the McDonald's permit; the next LOCAC meeting will be held March 27th; Traffic and Circulation Committee will meet March 11th; Land Use Committee will meet March 13th; and LOCAC elections will be held in May.</p> <p>Director Ochylski reported that at the February 25, 2014 ESAC meeting the Committee received Brown Act training; discussed the Chief's report; heard an update on the CERT trailer; discussed the AED installed at the Community Center; and recommended that financials and Administrative allocations be brought back to ESAC and FAC. The Chief updated the Committee on traffic delays due to sewer construction.</p> <p>Director Moothart reported that at the February 12, 2014 UAC meeting the Committee heard a report on the Emergency Water Shortage Regulations.</p> <p>Director Ochylski reported that FAC did not meet. The next meeting will be held March 24, 2014.</p> <p>President Baltimore tasked the Committee with reviewing the Admin allocation costs for the next fiscal year; to provide investment recommendations; to update the investment policy and the reserve policy.</p> <p>General Manager Kivley reported that the investment policy, the reserve policy, as well as the allocations plan under the Government Accounting Practices and Principles must be adopted by the Board on a yearly basis along with the budget.</p> <p>Director Ochylski reported that the Special District Association Annual Meeting on February 21st where Supervisor Frank Mecham was the guest speaker. He reported that he represented the Board at the February 27th Prado Homeless fundraiser.</p> <p>Director Moothart reported the WRAC meeting on March 5th. The Committee elected officers; heard an update of the rain and reservoir report; presentation and discussion on the Paso Robles Groundwater Basin; and discussed drought response efforts.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>Director Storm registered an abstention on Item 11B. President Baltimore pulled Consent Item 11B for separate consideration.</p> <p>Public Comment: Julie Tacker commented on missing Administrative Report; no updates on the billing issue or 2nd Street water line break; President Baltimore's comments at the LOCAC meeting; and the warrant registers.</p> <p>Beverly DeWitt Moylan commented on the community survey and the water severity problem.</p> <p>Linde Owen requested an Administrative Report; commented on the replacement process for District Accountant; the community survey; and the loss of the Solid Waste franchise.</p> <p>Tom Wright commented on the committee reports not being similar.</p> <p>Richard Margetson commented on the FAC applications; requested an Administrative Report; and commented on the 80-day billing issue.</p> <p>Lynette Tornatzky commented on District Engineer Rob Miller being an expert on our Basin.</p>
<p>11. CONSENT AGENDA</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Meeting Minutes of February 6 and 26, 2014</p> <p>C. Receive Warrant Register for February 2014</p> <p>D. Emergency Services Advisory Committee Recommendation</p> <p>E. Extension of Commercial Lease Agreement</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 with the exception of Item 11B. The motion was seconded by Director Moothart and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Moothart, Storm, Wright, Baltimore Nays: None Abstain: None Absent: None</p>

AGENDA ITEM	DISCUSSION
<p>12. GENERAL ACTION ITEMS</p> <p>B. Water Shortage Contingency Plan Discussion Points</p>	<p>Sub-Committee Members, District Engineer Miller and UAC Committee Member Munds, reported that the UAC discussed two key elements including identifying measurable triggers and what responses would be put into effect and numerical water reduction goals for various stages of water shortage. They reported that mandatory water conservation will have potential financial impacts through reduced water sales to the District.</p> <p>Public Comment – Muril Clift commended the Board for developing an emergency contingency plan and recommended a per person allocation.</p> <p>Bill Moylan commented on wasted water due to dewatering.</p> <p>Keith Wimer commented on seawater intrusion acceleration and that mandatory conservation should begin immediately.</p> <p>Linde Owen commented on the need for advertising and community education.</p> <p>Julie Tacker commented on the Basin being in peril and the continued waste of water due to dewatering.</p> <p>Richard Margetson commented on the climate and water quality triggers and believes the financial analysis could be completed in two months.</p> <p>Following Board discussion, President Baltimore directed Staff to work with UAC on the outdoor water conservation plan and proactive advertising; communicate with Cambria CSD concerning per household usage; communicate with Golden State Water Company & S&T Mutual. He directed Director Ochylski and District Engineer Miller to plan a community workshop; and, Ad Hoc Member Moothart and UAC Committee Member Munds to complete a financial analysis defining loss of revenues.</p> <p>A motion was made by Vice President Wright to extend the meeting past 10:00 p.m., but not later than 10:45 p.m. The motion was seconded by Director Moothart and carried 3-2 with the following vote:</p> <p>Ayes: Directors Wright, Moothart, Storm Nays: Ochylski, Baltimore Abstain: None Absent: None</p> <p>President Baltimore called for a break at this point in the meeting.</p> <p>The Board reconvened at 10:03 p.m.</p>
<p>12C. Fiscal Year 2013/2014 Mid-Year Budget</p>	<p>A motion was made by Director Storm to bring this item back at the next regular Board of Directors meeting. The motion was seconded by Director Moothart.</p> <p>Public Comment – Julie Tacker commented on the increased expenses due to hiring; the capital expenditure of the desander; and the bankruptcy settlements.</p> <p>Richard Margetson commented on an error of the Total Communications line.</p> <p>Ayes: Directors Storm, Moothart, Ochylski, Baltimore Nays: Wright Abstain: None Absent: None</p> <p>The vote carried 4-1.</p>
<p>12D. Approve Meeting Minutes of February 6, 2014 and February 26, 2014</p>	<p>Public Comment – None.</p> <p>A motion was made by Director Ochylski to approve the minutes, formally Item 11B on the agenda. The motion was seconded by Vice President Wright and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Wright, Moothart, Baltimore Nays: None Abstain: Storm Absent: None</p>

AGENDA ITEM	DISCUSSION
13. FUTURE AGENDA ITEMS	<ul style="list-style-type: none">- Update on the implementation of billing software- Status Report on the Water Shortage Contingency Plan- FAC appointments- Committee Chairpersons and Vice Chairpersons reappointments
14. CLOSING BOARD COMMENTS	<p>Director Ochylski expressed his thanks to Rob Miller and Ron Munds for their outstanding analysis and report on the Water Shortage Contingency Plan.</p> <p>Director Storm commented that he is looking forward to working with the Board and the Community.</p> <p>Vice President Wright reminded the Community of the fundraiser for Anna Ford on Saturday, March 8th at the SBCC.</p> <p>President Baltimore thanked everyone for their comments and is looking forward to a fresh start in the next fiscal year.</p>
15. ADJOURNMENT	The meeting adjourned at 10:22 p.m.

**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Special Meeting of March 8, 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 9:05 a.m. and led the flag salute.</p> <p><u>Roll Call:</u> Leonard Moothart, Director – Present Marshall Ochylski, Director – Present Jon-Erik Storm, Director – Present Michael Wright, Vice President – 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. GENERAL ACTION ITEMS A. Appoint Regular and Alternate Public Members for the Finance Advisory Committee</p>	<p>General Manager Kivley gave a brief summary of the report as submitted in the agenda packet.</p> <p>Public Comment – Jeff Edwards commented on serving on the committee and discussions on financing District resource development projects.</p> <p>Richard Margetson supported appointing Jeff Edwards as a voting member of the committee.</p> <p>Linde Owen supported appointing Jeff Edwards as a voting member of the committee.</p> <p>Julie Tacker supported appointing Jeff Edwards as a voting member of the committee. Ms. Tacker requested the minutes show that she used the word "shit" five times in her public comments.</p> <p>President Baltimore appointed Deanna Richards, Gene Heyer and Wallace Raynor as two-term members of the Finance Advisory Committee and Jeff Edwards as Alternate Member serving one-term.</p> <p>Director Ochylski moved that the Board confirm the Board President's appointments to the Finance Advisory Committee. The motion was seconded by Director Moothart and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Moothart, Storm, Wright, Baltimore Nays: None Abstain: None Absent: None</p>
<p>B. Appoint Chair and Vice Chairpersons to the Standing Advisory Committees by the Board President</p>	<p>Public Comment – Linde Owen asked if the alternate automatically completes the term of the departing member.</p> <p>Jeff Edwards supported Vice President Wright as chair of FAC and Director Moothart as chair of UAC.</p> <p>Richard Margetson commented on meeting attendance by chairpersons.</p> <p>Julie Tacker commented on chairpersons being appointed at the Board's January meeting, and supports Vice President Wright and Director Moothart as chairpersons for all three committees.</p> <p>President Baltimore appointed Director Ochylski as Chairperson and Vice President Wright as Vice Chairperson of the Finance Advisory Committee (FAC).</p> <p>President Baltimore appointed Vice President Wright as Chairperson and Director Storm as Vice Chairperson of the Emergency Services Advisory Committee (ESAC).</p> <p>President Baltimore appointed Director Moothart as Chairperson and himself as Vice Chairperson of the Utilities Advisory Committee (UAC).</p> <p>Vice President Wright moved that the Board confirm President Baltimore's Chairpersons appointments to the Advisory Committees. The motion was seconded by Director Ochylski and carried with the following vote:</p>

AGENDA ITEM	DISCUSSION
<p>B. Appoint Chair and Vice Chairpersons to the Standing Advisory Committees by the Board President (continued)</p>	<p>Ayes: Directors Wright, Ochylski, Moothart, Storm, Baltimore Nays: None Abstain: None Absent: None</p> <p>Director Ochylski reported that the FAC will meet March 24, 2015 at 5:30 p.m. at the District Office. The Brown Act training and a discussion of the upcoming goals for the committee will be discussed.</p>
<p>3. ADJOURN OPEN SESSION MEETING</p>	<p>The Board adjourned the Open Session Meeting at 9:35 a.m.</p>
<p>4. CONVENE CLOSED SESSION MEETING</p> <p>5. ANNOUNCEMENT OF CLOSED SESSION ITEMS</p> <p>A. PERSONNEL MATTERS (Government Code §54957) - Public Employee Performance Evaluations District General Manager and District Legal Counsel - District Staffing - Conference with Labor Negotiators District Negotiators: Kathy Kivley, General Manger and Michael Seitz, District Counsel Employee Organization: SLOCEA</p> <p>6. PUBLIC COMMENT ON CLOSED SESSION ITEMS</p>	<p>The Board convened the Closed Session Meeting at 9:35 a.m.</p> <p>District Legal Counsel Seitz announced the Closed Session items.</p> <p>Public Comment – Julie Tacker, Linde Owen, and Jeff Edwards commented on the General Manager performance evaluation.</p> <p>Director Ochylski reported that the Board of Directors Bylaws and Rules of Decorum require that persons addressing the Board state their name.</p> <p>Continuing Public Comment – Richard Margetson commented on the General Manager performance evaluation.</p>
<p>7. ADJOURNMENT TO CLOSED SESSION MEETING</p>	<p>The Board adjourned to Closed Session at 9:48 a.m.</p>
<p>8. RECONVENE TO OPEN SESSION</p>	<p>The Board reconvened to Open Session at 12:15 p.m.</p>
<p>9. RECEIVE REPORT OUT OF CLOSED SESSION</p>	<p>Legal Counsel Seitz reported that the Board met in Closed Session to discuss Item A, Personnel Matters, but took no reportable action.</p>
<p>10. ADJOURNMENT</p>	<p>The Board adjourned at 12:16 p.m.</p>