

**Los Osos Community Services District
Board of Directors
Minutes of the Regular Meeting of June 6, 2013**

AGENDA ITEM	DISCUSSION OR ACTION
1. CALL TO ORDER/FLAG SALUTE/ROLL CALL	<p>President Moothart called the Closed Session Meeting to order at 6:04 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Marshall Ochylski, Director – Present David Vogel, Director - Present Michael Wright, Director - Present Craig Baltimore, Vice President - Absent Leonard Moothart, President - Present</p> <p>The following Staff were present: Margaret Falkner, Interim General Manager Michael Seitz, District Legal Counsel Ann Kudart, Administrative Secretary</p>
2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION	<p>District Legal Counsel Seitz announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>PENDING LITIGATION (Government Code, §54956.9(a).)</u> - <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 (Government Code §54957)</u> - Conference with Labor Negotiator District Negotiators: Vice President Baltimore and Director Vogel Employee Organization: San Luis Obispo County Employees Associations</p>
3. PUBLIC COMMENT	Public Comment: None
4. ADJOURN TO CLOSED SESSION	The Board adjourned to Closed Session at 6:05 p.m.
5. RECONVENE TO OPEN SESSION	<p>The Board reconvened to Open Session at 7:08 p.m.</p> <p>President Moothart asked for a moment of silence in memory of District Counsel Jon Seitz who passed away on May 4, 3013. President Moothart then led the flag salute.</p> <p><u>Roll Call:</u> Marshall Ochylski, Director – Present David Vogel, Director – Present Michael Wright, Director – Present Craig Baltimore, Vice President – Arrived at 8:55 p.m. Leonard Moothart, President – Present</p> <p>The following Staff were present: Margaret Falkner, Interim General Manager Michael Seitz, District Legal Counsel Ampy Haber, District Accountant Robert Lewin, Unit Chief Ann Kudart, Administrative Secretary</p>
6. RECEIVE REPORT OUT OF CLOSED SESSIONS OF MAY 2, 2013 and JUNE 6, 2013	<p>District Counsel Seitz reported that the Board, on May 22, 2013, went into Closed Session and heard reports from Legal Counsel in regard to the bankruptcy. The Board heard a report from Legal Counsel and the District Engineer regarding the ISJ. Regarding the Corr litigation, the Board authorized settlement of the District's involvement of that case for the sum of \$5,000. In regards to Personnel, the Board heard a report but took no reportable action.</p> <p>District Counsel Seitz reported that the Board, on June 6, 2013, heard reports from Legal Counsel on each of the two Pending Litigation cases, but took no reportable action.</p> <p>In regards to the Conference with Labor Negotiators, the Board heard a report but took no reportable action.</p>

AGENDA ITEM	DISCUSSION
<p>12A. Introduction and First Reading by Title Only of Ordinance Amending Title 4 of the District Code to Prohibit the Igniting and Launching of Sky Lanterns</p>	<p>President Moothart announced that General Action Item 12A and Administrative Report Item 9A would be heard at this time.</p> <p>Unit Chief Robert Lewin gave a presentation and provided handouts of the proposed Ordinance amending Title 4 of the District Code to prohibit the igniting and launching of sky lanterns in the unincorporated areas of the County and the community of Los Osos. He reported that there would be exceptions upon approval of the fire code officials under certain conditions which he outlined. He informed the Board that on July 30, 2012 a fire above Pirates Cove was started by a sky lantern that nearly destroyed a critical communication facility and that on May 7, 2013, the County Board of Supervisors passed an ordinance prohibiting sky lanterns.</p>
<p>9A. Fire Department Report</p>	<p>Unit Chief Lewin gave the Fire Department Report as prepared by Chief Veneris who was on assignment. Chief Lewin reported that this was the most unusual spring fire season he's seen in this 34 fire seasons, starting off with difficult fires so early in the year and experiencing fire behavior that is normally seen in August and September in California. He reported that preparations were made early for the expected earlier season. He reported that they are experiencing fires daily with crews aggressively attacking and successfully putting out.</p> <p>He reported on the chipping project in Cabrillo area and concerning SRA fees, the Chief reported that areas that had mapping issues went through a focus review and have been fixed.</p> <p>During Public Comment Al Barrow thanked the Fire Department for their service and the excellent planning for this early fire season. He urged the community to be responsible and aware of the use of matches and cigarettes which could cause a disastrous fire.</p> <p>Frank Ausilio commented on the ordinance wording; inquired as to any further fuel breaks in Cabrillo; and commented on possible flooding of the bridges on South Bay Boulevard during storms as it is an important exit route.</p> <p>Director Ochylski made a motion that the Board introduce by title only and consider LOCSO Ordinance 2013-01 amending Title 4, Amendment F, Section 302.1 and Amendment G, Section 308.1.6.3, which will prohibit, with exception, the ignition and launching of sky lanterns; and, direct staff to return to the Board of Directors at the next regular meeting for the second reading and final adoption of Ordinance 2013-01. The motion was seconded by Director Wright and carried with the following vote:</p> <p>Ayes: Ochylski, Vogel, Wright, Moothart Nays: None Abstain: None Absent: Baltimore</p> <p>District Counsel Seitz read the title of the Ordinance.</p>
<p>8. GENERAL PUBLIC COMMENT</p>	<p>Kathryn Winfrey of the Morro Bay National Estuary Program reported that the Comprehensive Conservation and Management Plan for the Morro Bay Estuary guides the Estuary Program science, conservation, restoration, and education work in the Morro Bay watershed. The Estuary Program released an updated Management Plan on April 30, 2013.</p> <p>Tim Lytsell voiced his objection to the McDonald's permit and the need for an open and honest discussion.</p> <p>Julie Tacker announced that there would be a discussion concerning McDonald's on June 13, 2013 and a discussion would also be held at LOCAC. She commented on Morro Bay National Estuary's Comprehensive Conservation and Management Plan's dewatering disrupting fresh water flows to the bay. She commented on the Wastewater Project's detours, dust and unsafe piles of metal and urged the public to call Dig Los Osos with concerns and read the updates on the website. She commented on the \$188,000 to biologists due to the finding of more snails than anticipated.</p> <p>Al Borrow commented on water supply and management and keeping it safe. Believes it is time to downsize to only a Water District rather than a Community Services District.</p> <p>Frank Ausilio commented on the confusion with the laterals. He commented on the air pollution and lack of dust control.</p>

AGENDA ITEM	DISCUSSION
<p>8. GENERAL PUBLIC COMMENT (continued)</p>	<p>Richard Margetson commented on washing machine rebates and urged the Board to attend the update and contract adjustments to the Water Implementation Plan on June 18, 2013.</p>
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p> <p>C. LOCAC Report</p> <p>D. Emergency Services Advisory Committee Report</p> <p>E. Utilities Advisory Committee Report</p> <p>F. Finance Advisory Committee 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>Interim General Manager Falkner reported on the operations of the Utilities Department for the month of April 2013, reporting an increase in water production, consumption and revenues compared to this time last year; she reported that crews did potholing for service lines in conjunction with the wastewater project, assisted the contractor at Palisades, and responded to an emergency shutdown on 7th and Nipomo. She reported that late notices would no longer be mailed to water customers to save on printing and postage costs.</p> <p>LOCAC Chairperson Vicki Milledge reported on the May 23, 2013 meeting. The Council heard reports from the Sheriff, Supervisor Gibson and the CSD. The Council heard an update on the Comprehensive Conservation Management Plan from Morro Bay National Estuary Program and heard reports from the Transportation and Circulation, Trees and Landscaping and Outreach Committees. The next LOCAC meeting will be held June 27, 2013.</p> <p>Director Wright reported on the May 21, 2013 Emergency Services Advisory Committee (ESAC) meeting. The Committee approved prior meeting minutes, discussed the Los Osos Community Wildfire Protection Plan, reviewed the financials, discussed Mission and Vision Statement. The Committee had a discussion on Reaffirming the Cooperative Fire Protection Agreement, discussed on the FY13/14 Budget, and discussed the Fire flow map. The heard an update on the new fire truck, reviewed April 2013 Fire Department report and heard a presentation by Captains Wilcox and Coalwell concerning the emergency response time within the community. The next ESAC meeting will be held June 18, 2013.</p> <p>Director Vogel reported on the May 8, 2013 Utilities Advisory Committee (UAC) meeting. The Committee approved prior meeting minutes and had a presentation and discussion of the proposed FY2013/2013 Budget and discussion on project revenue and funding of future projects.</p> <p>Director Ochylski reported on the Finance Advisory Committee (FAC) meeting. The Committee reviewed the warrants, financials and budget adjustments and recommended for approval. The Committee held a joint meeting with ESAC discussing the proposed FY2013/2014 Budget. The Committee discussed the Bond issues and the allocations of administrative expenses recommending the Board form an Admin Allocation subcommittee or Ad Hoc committee. The next FAC meeting will be held July 8, 2013.</p> <p>Director Vogel reported on his attendance at the April 25th LOCAC meeting and the June 5, 2013 Water Resource Advisory Committee.</p> <p>President Ochylski reported on his attendance at the Morro Bay National Estuary Program Budgetary meeting.</p>
<p>10. PUBLIC COMMENT FOR ITEMS ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p> <p>11. CONSENT CALENDAR</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Meeting Minutes of May 2, 2013 and May 22, 2013</p> <p>C. Receive Warrant Register for May 2013</p> <p>D. Receive Financial Statements for Period Ending April 2013, and Cash and Investment Schedules and Reserves Schedule as of April 30, 2013</p> <p>E. Approve Various Budget Adjustments</p>	<p>President Moothart reported that the FAC recommendation for Item 11F was to revise the policy to reflect items 1, 2, 4 and 5; and, direct staff to discuss the Fire Replacement Reserve to be amended to show annual appropriation of \$100,000 instead of \$72,000.</p> <p>Public Comment: Julie Tacker commented on the Morro Bay National Estuary Program's Comprehensive Conservation Management Plan and interrupted fresh water flows; subsidy to dry land farmers; warrants and the cost of legal services for the bankruptcy and ISJ and the need for an update.</p> <p>Richard Margetson commented on the reserve policy and the need for input from Chief Veneris. He commented on water reserves and adding a line item for imported water.</p> <p>Al Barrow commented on cost of recycled water and commented on the Budget and decreasing revenue.</p> <p>Director Ochylski made a motion to receive and file the Administrative Reports, the Committee Reports, and to approve the Consent Calendar with the clarification to Item 11F. The motion was seconded by Director Wright and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Wright, Vogel, Moothart Nays: None Abstain: None Absent: Baltimore</p>

AGENDA ITEM	DISCUSSION
<p>11. CONSENT CALENDAR (continued)</p> <p>F. Approve Proposed Changes to the Reserves Policy</p> <p>G. Authorization to Purchase 100 Water Meters</p>	<p>Director Ochylski made a motion to appoint a Subcommittee to work on a methodology for the allocation of administrative expenses. The motion was seconded by Director Wright.</p> <p>Public Comment: Julie Tacker supported Richard Margetson be added to the Subcommittee along with a Board member.</p> <p>Director Vogel requested the motion be amended to appoint Director Wright, Lisa Gonzalez, Bob Semonsen and Richard Margetson to the Subcommittee.</p> <p>The motion carried with the following vote:</p> <p>Ayes: Directors Ochylski, Wright, Vogel, Moothart Nays: None Abstain: None Absent: Baltimore</p> <p>President Moothart appointed Director Wright, Lisa Gonzalez, Bob Semonsen and Richard Margetson to a subcommittee to review the Administrative Allocation costs with Director Ochylski as Alternate. The subcommittee will end November 15, 2013.</p>
<p>12. GENERAL ACTION ITEMS</p> <p>C. Approve Resolution Confirming Previous Action to Undertake a purchase in Lieu of Redemption of Outstanding 2002 Bonds and Create the Los Osos Financing Authority</p>	<p>President Moothart called for General Action Item C to be heard at this time and Interim General Manager Falkner gave a summary of the report as submitted in the agenda packet. President Moothart invited Mr. Bud Levine of Wulff, Hanson to the podium.</p> <p>Mr. Levine reported that the Board is being asked to pass a resolution which confirms the creation of a JPA to purchase the bonds in lieu of redemption. He reported that in adopting the resolution, the Board does not have to decide on a project or the amount to be put aside from financing for the project at this meeting, however a list of acceptable projects would need to be decided prior to July 11th when the bond documents come before the Board for approval.</p> <p>Public Comment: Al Barrow supported Scenario 5, no project with the ratepayers benefiting.</p> <p>Lynette Tornatzky asked for an explanation as to who pays the insurance and asked what the projects were.</p> <p>Julie Tacker supported no project, no JPA. She requested a discussion by the Board of Prohibition Zone benefit specific projects.</p> <p>Keith Swanson asked if District Legal Counsel was involved in the process. He supported Scenario 5, no JPA, and saving the ratepayers money. He urged the Board to do what was best for the community.</p> <p>Richard Margetson agreed with Mr. Swanson in bringing the \$33 per year savings to the ratepayers and supported Scenario 5, no project.</p> <p>District Counsel Seitz reported that the vote tonight would create the JPA which is a separate entity from the District but the District is a member of it and it is that mechanism that brings the money back in and distributes it and because of that entity it creates the ability to use it for a project. He reported that a Prohibition Zone specific project is a policy for the Board not a legal policy and the money can be spent for any capital project within the District.</p> <p>A motion was introduced by Director Ochylski to continue the meeting past 10:00 p.m. The motion was seconded by Vice President Baltimore and without objection, the motion was approved.</p> <p>President Moothart made a motion that the Board adopt Resolution Number 2013-11 confirming intention to undertake the purchase in lieu of redemption of outstanding bonds, authorizing the execution and delivery of a Joint Exercise of Powers Agreement with the California Municipal Finance Authority to create the Los Osos Financing Authority and approving and authorizing certain other matters relating thereto. The motion was seconded by Director Wright.</p> <p>Following further Board discussion, President Moothart amended the motion to revise Resolution 2013-11 to include "a project that primarily benefits the Prohibition Zone" and the amended motion was seconded by Director Wright.</p>

AGENDA ITEM	DISCUSSION
<p>C. Approve Resolution Confirming Previous Action to Undertake a purchase in Lieu of Redemption of Outstanding 2002 Bonds and Create the Los Osos Financing Authority (continued)</p>	<p>The motion carried with the following vote:</p> <p>Ayes: Directors Moothart, Wright, Ochylski, Vogel, Baltimore Nays: None Abstain: None Absent: None</p>
<p>B. Adopt Resolution to Amend the Personnel Policy to Create Two New Career Series for the Administrative and Utilities Departments, Set the Initial Salary Ranges, and Authorize the Interim General Manager to Hire</p>	<p>Interim General Manager Falkner reported that with the loss of personnel over the years, attrition has left current personnel working beyond the scope of their job descriptions. The duties of the administrative and utilities staff have become disproportionate. Staff has continued to provide services to the public, the Board, regulatory agencies, and consultants without breaches in compliance by working overtime in order to meet these deadlines.</p> <p>Public Comment: Al Barrow supports hiring the current temporary staff as full-time and supports hiring a part-time General Manager.</p> <p>Julie Tacker commented on the financial impact of these positions asking if they were fund specific and commented on waiting for a new General Manager to do the hiring for these positions.</p> <p>Richard Margetson commented on the lack of description to the report's financial impact.</p> <p>President Moothart reported that these job descriptions are a result of the reorganization of the District.</p> <p>Interim General Manager Falkner further explained that the two positions being replaced were at the top tiers and that the District would be advertising for a Utility Compliance Technician I and an Admin/Accounting Assistant I.</p> <p>Director Ochylski made a motion that the Board adopt Resolution 2013-10 and the accompanying job descriptions for the Administrative and Utilities department's career series and amend the District Personnel Policy. The motion was seconded by Director Wright and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Wright, Vogel, Baltimore, Moothart Nays: None Abstain: None Absent: None</p>
<p>13. FUTURE AGENDA ITEMS</p>	<p>President Ochylski requested a list of specific projects be presented at the June 20, 2013 meeting before the first Financing Authority meeting is held.</p>
<p>14. CLOSING BOARD COMMENTS</p>	<p>Director Ochylski reported that there was a vacancy on the Financial Advisory Committee for an Alternate Member.</p> <p>Director Vogel thanked the community for its continued participation and invited the public to submit projects for the Board to consider.</p> <p>Vice President Baltimore congratulated the Morro Bay High School Class of 2013.</p> <p>Director Wright reminded the public to drive carefully and watch out for children as school's out for the summer.</p> <p>President Moothart reminded the public that LOCAC's Los Osos Community Plan Update meeting will be held on June 20, 2013 to review the vision statement.</p>
<p>15. ADJOURNMENT</p>	<p>The Board adjourned to Closed Session at 10:40 p.m.</p>