

**Los Osos Community Services District
Board of Directors
Minutes of the Special Meeting of August 17, 2016**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>President Ochylski called the meeting to order at 5:32 p.m. and Director Wright led the flag salute.</p> <p>Chuck Cesena, Director – Present Lou Tornatzky, Director – Present Mike Wright, Director – Present Jon-Erik Storm, Vice President – Present Marshall Ochylski, President – Present</p> <p>The following Staff were present: Peter Kampa, Interim General Manager Roy Hanley, District Legal Counsel Ever Ventura, District Accountant (via telephone) Ann Kudart, Administrative/Accounting Assistant III</p>
<p>2. ACTION ITEM</p> <p>A. Adopt Resolution Approving the Fiscal Year 2016/2017 Final Budget</p>	<p>Interim General Manager Kampa reported that the Reserve Statement on page 5 is the total audited Fiscal Year End 2014/15 numbers.</p> <p>Accountant Ventura reported that the District has the fiscal year end 2014/15 numbers as the audit is complete and closed, however the 2015/16 books are not closed. The estimated year-end numbers are subject to change due to the need to complete year-end adjustments internally and that the auditor will make adjustments that will also affect the numbers.</p> <p>The Board discussed that the reserves need to be adequate to cover the amounts the District is expending.</p> <p>Public Comment – Julie Tacker commented that budgets are adopted final by June 30 and are looking at the actual from the nine months previous and following the actual throughout the year. She inquired as to why the need for the final close of the books.</p> <p>Richard Margetson commented on the 15/16 designations for additions to reserves and that all of the reserves should be able to be counted on.</p>
<p>Fund 100 Administrative</p>	<p>Interim General Manager Kampa reported on the change to the Administrative personnel and office structure that has affected the cost. He reported on future action by the Board to re-establish the Administrative Services Manager position and salary scale. He reported that Administrative expenses of \$587,874 will be allocated among the services.</p> <p>Public Comment – Richard Margetson commented on the discrepancy in the total personnel costs on pages 6 and 7 and issues with the Administrative allocations.</p> <p>Julie Tacker opposed drawing Admin funds from the Parks and Recreation fund.</p> <p>Jeff Edwards commented on the differences between the organization chart and the personnel table. He opposed any reorganization.</p>
<p>Fund 200 Bayridge Estates</p>	<p>Interim General Manager Kampa reported a negative fund balance and that reserves of \$25,089 can transfer in, an interfund loan in 2015 from water in the amount of \$125,000; and that an additional loan from water in the amount of \$40,041 will be needed to fund the deficit.</p> <p>The Board discussed the assessments remaining on the properties to pay back water for the loans.</p> <p>Public Comment – Vita Miller asked if there would be another vote for the \$40,041. Ms. Miller requested that the residents of Bayridge get an accounting.</p> <p>Richard Margetson commented on the reserve balances; the draw on the rate stabilization reserve; the repayments of the interfund loans from water.</p> <p>Julie Tacker commented on the County assuming the Bayridge loan. She commented on the 218 vote specifically stating that the loan was going toward operations and did not mention a \$40,041 loan.</p>

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Fund 400 Vista de Oro	<p>Mr. Kampa reported on a low revenue amount on the assessment collected and that there was an interfund loan from water in which the assessments will remain on the properties until the fund is balanced.</p> <p>Public Comment – None</p>
Fund 500 Water	<p>Interim General Manager Kampa reported a negative fund balance and that UAC and FAC discussed balancing with one of the contingency funds as well as the capital reserve funds. He reported on the need to finance projects and not continue to spend reserves to fund them. He recommended moving the 8th Street Upper Aquifer Well project out, funding the Phase 1 work and push out Phase 2 until the final end number is known.</p> <p>Public Comment – Jeff Edwards commented on the need to redo the rate study internally; suggested the Board ask the County to loan money to fund the District's portion of the Basin Management Committee; and does not want Phase 1 to proceed.</p> <p>Julie Tacker commented on the estimated property tax subsidy to the Water Department; and commented on reducing a staff member to half time once Bayridge and Vista de Oro are turned over to the County.</p> <p>Richard Margetson commented on depleting the Water Quality Trust fund and other various funds that could be used to make enough of an increase to make a difference.</p> <p>The Board recommended the 8th Street Upper Aquifer Well project being put on the back burner for now and use the Rate Stabilization reserve to balance the budget leaving money in the Capital Reserve and use the Water Quality Trust if possible.</p>
Fund 800 Drainage	<p>Interim General Manager Kampa reported a balanced fund from transferring in reserves.</p> <p>Public Comment – Richard Margetson commented on his discomfort with the Unrestricted Fund Reserve; and the Admin allocation.</p> <p>Julie Tacker commented on the Administrative draw from all the funds being problematic and needs to be more reflective of the actual work being done in each fund.</p>
Fund 900 Parks and Recreation	<p>Interim General Manager Kampa reported that there is no source of ongoing revenue, the funds are from property tax assessments that carried over from the County and are in LAIF.</p> <p>Public Comment – Richard Margetson commented on the interest income designation.</p> <p>Julie Tacker voiced concern as to how staffing is paid for and that Administration is being drawn from it.</p> <p>Vice President Storm recommended getting projects done or cancelling the reserve.</p>
	<p>Richard Margetson inquired as to where the Wastewater Admin allocation was coming from.</p> <p>Interim General Manager Kampa reported that in the past it has been budgeted for but not had an off-setting revenue source.</p>
Fund 301 Fire	<p>President Ochylski reported that there is a summary of the fund submitted with the agenda packet and Interim General Manager Kampa reported that the Schedule A cost is increasing faster than the CPI.</p> <p>The Board discussed the need for a discussion on what will be the cost to get to 4.0 staffing.</p> <p>Public Comment – Julie Tacker commented on the cost of Reserves Firefighters and the increased cost of Schedule A and the need to look at the subsidy going to Water.</p> <p>Vita Miller commented that going to 4.0 staffing would reduce the need to call in Reserve Firefighters.</p> <p>Richard Margetson commented that any surplus should go to the vehicle sinking fund as it was not fully funded, and on discussion is needed now on the 4.0 staffing.</p>

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	<p>A motion was made by Vice President Storm to direct staff to:</p> <ol style="list-style-type: none"> 1. find a way, within 6 months, to get the Administrative Allocation to Fire down to a target of 8.5% 2. within 6 month provide a plan to get the Water fund self-sustaining within 3 years (not reliant on reserves, not reliant on the 1% property tax, and not over-reliant on Administrative Allocation) 3. report the effects of 4.0 Staffing on revenue, on service level, and on the ISO rating <p>Public Comment – Richard Margetson commented on the District taking advantage of the resources in the community to save money.</p> <p>Julie Tacker commented on her concerns with the committees not meeting monthly and the continued postponements and cancellations.</p> <p>The motion was seconded by Director Cesena and passed unanimously.</p> <p>A motion was made by Director Wright that the Board adopt Resolution 2016-33 approving the Fiscal Year 2016/2017 Final Budget. The motion was seconded by Vice President Storm.</p> <p>Public Comment – Richard Margetson commented that if the budget is adopted there is no mechanism in place to balance Bayridge and that the Administrative budget is not fully funded.</p> <p>Julie Tacker commented that details will bring the District trouble and agreed with the previous speaker.</p> <p>Cheri Grimm commented on issuing the RFP for the General Manager and if the budget reflected the position as full-time.</p> <p>President Ochylski provided direction to staff to review the Administrative Allocations; the surpluses in accounts being carried over to subsequent years; and how the District funds the reserve accounts. Vice President Storm requested an update by staff at the next Board meeting.</p> <p>Further direction was given to staff to report at the next Board meeting how Bayridge will be balanced; the Administrative budget will be funded from Wastewater; and the Admin Allocation from Parks and Recreation.</p> <p>The motion carried with the following vote: Ayes: Directors Wright, Storm, Cesena, Tornatzky, Ochylski Nays: None Abstain: None Absent: None</p>
	<p>President Ochylski announced that the regular meeting of the Board of Directors scheduled to be held Thursday, September 1, 2016, was canceled and rescheduled as a special meeting of the Board of Directors on Thursday, September 15, 2016.</p>
3. ADJOURNMENT	<p>The meeting adjourned at 7:37 p.m.</p>