

**Los Osos Community Services District
Minutes of the Finance Advisory Committee Meeting
May 14, 2015 at 5:30 p.m. at the District Office**

AGENDA ITEM	DISCUSSION	FOLLOW-UP
<p>1. Call to Order, Flag Salute and Roll Call</p>	<p>Chairperson Storm called the meeting to order at 5:30 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Craig Baltimore, Committee Member – Present Jeff Edwards, Committee Member – Present Lisa Gonzalez, Committee Member – Arrived 5:48 p.m. Gene Heyer, Committee Member – Left at 6:40 p.m. Gary Orback, Committee Member - Present Michael Wright, Vice Chairperson – Present Jon-Erik Storm, Chairperson – Present</p> <p><u>Staff:</u> Kathy Kivley, General Manager Mike Doyel, District Accountant Ann Kudart, Administrative/Accounting Assistant III</p>	
<p>2. Introduction of New Member(s) to FAC and Review Brown Act Guidelines</p>	<p>Chairperson Storm welcomed the committee members and General Manager Kivley reviewed the Brown Act with the committee.</p> <p>Public Comment: None.</p>	
<p>3. Approve FAC Minutes of February 2, 2015</p>	<p>Public Comment: Richard Margetson and Julie Tacker opposed the format of the minutes.</p> <p>Committee Member Edwards made a motion to approve the minutes. The motion was seconded by Committee Member Orback and carried with the following vote:</p> <p>Ayes: Edwards, Orback, Heyer Nays: None Abstain: Baltimore Absent: Gonzalez</p>	<p>Action: Receive and File.</p>
<p>4. Review of Board Item Regarding Fiscal Year 2015/2016 Budget</p> <p style="padding-left: 40px;">A: Fund 100</p> <p style="padding-left: 40px;">Fund 600</p>	<p>General Manager Kivley reported that the total contributions for to Fund 301 sinking fund is \$144,891 as shown on a corrected handout provided to the committee and public.</p> <p>She reported that the Admin Cost Allocation methodology used is the same as that adopted by the Board for FY14/15; unfunded liability; and that Fund 100 will not budget \$25,000 repayment of Improvement Bond Reserve Fund per the bankruptcy order.</p> <p>General Manager Kivley reported a recommended increase of \$12.00 per parcel in the Administrative Charge to allow repayment to the Bond Redemption Reserve account. She reported that the assessment payment of \$30,003.39 per the agreement between the District and Bonaire Investment was never included in any District budget.</p> <p>The Committee recommended that the Board research Bonaire Properties Agreement with the District with the possibility of charging the County for the pipes.</p>	

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Fund 650	<p>General Manager Kivley reported a Reserve balance and a minor charge for cost allocation.</p> <p>Following discussion, the Committee recommended that the Board consider extinguishing the \$118,033 reserve fund and allocating the funds to Fund 500 or Fund 600 to improve Bond rating.</p> <p>Public Comment on Funds 100, 600, and 650: Julie Tacker, Al Barrow and Richard Margetson spoke.</p>	
B. Fund 301	<p>General Manager Kivley reported that Fund 301 Budget included a 12.6% increase in the Schedule A contract which equates to \$216,783; that property tax revenue projections were prepared using a tax increase rate of 2%; a \$1/hour minimum wage increase in January 1, 2016; and a CalPERS Legacy Reserve Firefighters unfunded liability of \$6,102.</p> <p>Public Comment on Fund 301: Richard Margetson and Al Barrow speak.</p>	
C: Fund 200	<p>General Manager Kivley reported that property tax revenue projects were prepared using the annual property tax increase rate of 2%; that an interfund loan to Fund 200 from Fund 500 Water to cover Phase 1 Maintenance Improvement Projects not to exceed \$125,000; and that Salary and Fringe Benefits allocations are increasing due to increase in staff time to insure an efficient transition to the County.</p>	
Fund 400	<p>Regarding Fund 400, General Manager Kivley reported that the fund will reflect a deficit until the septic system conversion occurs and until the District recoups its prior costs for maintaining the system; that the Board authorized an interfund loan not to exceed \$30,000 for Fiscal Years 2012/2013 thru 2014/2015 to cover operating deficits and will need to amend the loan agreement during FY2015/16 to cover the shortfall; and that Salary and Fringe Benefits allocations are increasing due to increase in staff time to insure an efficient transition to the County.</p>	
Fund 500	<p>She reported on Fund 500 salary and fringe benefit costs and that staff recommended no increase in revenues. She reported on the increase in funding for regulatory fees, to Legal fees relative to finalizing the ISJ, and to brine disposal for the Nitrate Treatment Facility. She reported on funding several Capital Improvement Projects and reserves.</p>	
Fund 800	<p>General Manager Kivley reported revenues exceed expenditures in Fund 800 and that monies had been budgeted to continue chipping events.</p> <p>The Committee recommended modification in the District's approach when transitioning Bayridge Estates and Vista de Oro to the County; and consider tearing down the existing facility at the Wateryard and put up a modular building.</p> <p>Public Comment on Funds 200, 400, 500 and 800: Richard Margetson, Julie Tacker, and Al Barrow spoke.</p>	

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<p>4. Review of Board Item Regarding Fiscal Year 2015/2016 Budget (continue)</p>	<p>Committee Member Gonzalez made a motion that the Board accept the Committee's recommendations to research Bonaire Properties Agreement with the District with the possibility of charging the County for the pipes; recommended modification in the District's approach when transitioning Bayridge Estates and Vista de Oro to the County; and consider a prefab building instead of renovating the existing building at the Water Yard. The motion was seconded by Committee Member Baltimore and carried with the following vote:</p> <p>Ayes: Gonzalez, Baltimore, Heyer, Edwards, Orback Nays: None Abstain: None Absent: None</p> <p>Committee Member Orback made a motion that the Board accept the Proposed Fiscal Year Budget for Funds 100, 200, 301, 400, 500, 600, 650, and 800, including committee recommendations. The motion was seconded by Committee Member Edwards and carried with the following vote:</p> <p>Ayes: Orback, Edwards, Heyer, Gonzalez, Baltimore Nays: None Abstain: None Absent: None</p>	<p>The Committee recommended that the Board accept the Proposed FY15/16 Budget with the following Committee recommendations:</p> <ol style="list-style-type: none"> 1. to research the Bonaire Properties Agreement with the District with the possibility of charging the County for the pipes; 2. consider modification in the District's approach when transitioning Bayridge Estates and Vista de Oro to the County; and 3. consider a prefab building instead of renovating the existing building at the Water Yard.
<p>5. Public Comments on Items Not on the Agenda</p>	<p>Al Barrow requested information on moving the Admin Office to 10th Street location.</p> <p>Julie Tacker commented on filing claims and recovering damages from the Wastewater Project; supported turning off the Palisades well; opposed Admin Offices moving and requested a cost analysis; Verizon Cell Tower; and opposed moving meetings to Sea Pines.</p> <p>Richard Margetson commented that the Admin Cost Allocation Ad Hoc Committee obligations were not fulfilled.</p>	
<p>6. Schedule FAC Meeting</p>	<p>The next meeting of the Finance Advisory Committee will be held on Monday, August 3, 2015 at 5:30 p.m. at the District Office.</p>	
<p>7. Closing Comments by FAC Committee Members</p>	<p>Committee Member Gonzalez requested that answers to public questions be provided at the next meeting if possible.</p> <p>Committee Member Baltimore thanked everyone for their participation.</p> <p>Committee Member Edwards commented on potential interest rate reductions to the SRF loan; requested Palisades well be shut off; and requested the Board request staff to prepare a cost benefit analysis of a move to 10th Street.</p> <p>Committee Member Heyer supported Mr. Edward request for a cost benefit analysis; and supported a summary of public comments.</p>	
<p>8. Adjournment</p>	<p>The meeting adjourned at 8:00 p.m.</p>	