



September 23, 2014

**TO:** LOCSD Board of Directors  
**FROM:** Ann Kudart, Administrative/Accounting Assistant III  
**SUBJECT:** **Agenda Item 11B – 10/2/2014 Board Meeting**  
Approve Meeting Minutes of September 4, 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

**District Accountant**  
Michael L. Doyel

**Fire Chief**  
Robert Lewin

**Battalion Chief**  
Phill Veneris

**DESCRIPTION**

Attached are minutes from the LOCSD Board of Directors Regular Meeting of September 4, 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 September 4, 2014.***

Attachment

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**Los Osos Community Services District  
Board of Directors  
DRAFT Minutes of the Regular Meeting of September 4, 2014**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</b></p>	<p>President Baltimore called the meeting to order at 6:00 p.m. and led the flag salute.</p> <p><u>Roll Call:</u>  Leonard Moothart, Director – Present  Marshall Ochylski, Director – Absent  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><b>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</b></p> <p><b>3. PUBLIC COMMENT</b></p> <p><b>4. ADJOURN TO CLOSED SESSION</b></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(d) (1).)</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)  - <i>RWQCB v. LOCSD</i> in SLO Superior Court (CV051074) – Injunctive Relief Measure B</p> <p>B. <u>PERSONNEL MATTERS (Government Code §54957)</u>  - Conference with Labor Negotiators  District Negotiators: Kathy Kivley, General Manager and Michael Seitz, District Counsel  Employee Organization: SLOCEA</p> <p>Public Comment – Lynette Tornatzky requested a report on the Measure B following closed session.</p> <p>The Board adjourned to Closed Session at 6:03 p.m.</p>
	<p>The Board reconvened to Open Session at 7:03 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  Phill Veneris, Battalion Chief  Rob Miller, District Engineer  Margaret Falkner, Utility Compliance Technician  Ann Kudart, Administrative/Accounting Assistant</p>
<p><b>6. RECEIVE REPORT OUT OF CLOSED SESSION</b></p>	<p>District Legal Counsel Seitz reported that the Board heard a report in regards to the ISJ, the Bankruptcy, and the Measure B cases, gave direction, but took no reportable action. In regards to Personnel Matters, the Board heard a report from Negotiator Kathy Kivley but took no reportable action.</p>
<p><b>7. PRESENTATIONS AND PUBLIC HEARINGS</b></p> <p><b>A. Public Hearing to Consider Adopting a Water Shortage Contingency Plan Pursuant to Water Code § 375</b></p>	<p>District Engineer Miller reported that the Water Shortage Contingency Plan provides for water demand reductions greater than or equal to the State regulations, reporting that the plan conforms to the draft presented to the Board in May with some modifications. He reported that proposed triggers would prevent entry into Stage III before April 2015 and Stages IV and V before April 2016; that the revised plan includes specific provisions for exiting various water shortage stages; that Stage II irrigation now conforms to the Board's August action; that Stages III and IV add irrigation prohibitions for crops and community recreational facilities; that provisions were added to reduce commercial use below baseline value; and that clarification for various stages were added for multi-family allocations.</p>

AGENDA ITEM	DISCUSSION
<p><b>7. PRESENTATIONS AND PUBLIC HEARINGS</b>  <b>A. Public Hearing to Consider Adopting a Water Shortage Contingency Plan Pursuant to Water Code § 375 (continued)</b></p>	<p>President Baltimore opened the public hearing for testimony to consider all objections or protests.</p> <p>Julie Tacker suggested offering relief to the schools during Stages IV and V until the purple pipe is available to allow the community to enjoy the lawns. She commented that that purple pipes are not safe for food crops and is concerned for the local community gardens.</p> <p>Lou Tornatzky commented on the monitoring of daily usage to shape behavior.</p> <p>Linde Owen suggested that the hours of watering be restated as before 8am and after 5pm rather than after dark. She commented on laundry mats and would like to bump up front-loading washing machines and have them gray-watered to their gardens; opposes private wells not being metered; and concerned that water is being wasted at the local park.</p> <p>Lynette Tornatzky asked for clarification between irrigation and hand watering.</p> <p>Keith Swanson commented that there is currently a severe water issue and asked what stage we are in at this time.</p> <p>Chuck Cesena commented on his concerns about existing chloride levels at 8<sup>th</sup> and 10<sup>th</sup> Street wells and why commercial reduction targets are less than residential.</p> <p>Jeff Edwards commented on Stages IV and V requesting projects and their associated intent to serve letters that have water retrofit certificates be exempted, and accelerate Capital Improvement project especially central and eastside wells which will address seawater intrusion situation.</p> <p>Richard Margetson voiced his concern that UAC did not weight in on the new trigger information; opposed waiting until 2015 to declare a Stage III emergency and 2016 to declare a Stage V emergency.</p> <p>Tom Salmon opposed the contractors dewatering into the bay.</p> <p>President Baltimore closed the public hearing and brought it back for Board discussion.</p> <p><b>A motion was made by Director Ochylski to adopt Resolution 2014-18 establishing a Water Shortage Contingency Plan. The motion as seconded by Director Moothart carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Moothart, Storm, Wright, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b></p>	<p>Keith Swanson opposed the reduction to two minutes for public comments and encouraged the full three minutes.</p> <p>Dave Akey, President of the El Moro Democratic Club in Los Osos, invited all candidates to the club's next meeting on Tuesday, September 16, 2014 at Los Osos Roundtable Pizza to introduce themselves.</p> <p>Ken Christensen commented that the proposed dog park would be a good thing but believes community gardens would be a better idea and provided a sketch of a possible project.</p> <p>Linde Owen supported a dog park sharing a community garden; commented on seawater intrusion issues being with the purview of the Regional Water Quality Control Board; and objected to two minute public comment.</p> <p>Chuck Cesena provided materials that the Los Osos Sustainability Group sent to the Coastal Commission concerning water supply in the area; does not agree with the District trading will serves for a dog park; and would like to see a televised candidate debate.</p> <p>Julie Tacker would like to see the Board address questions asked at previous meetings; requested an explanation of the seven assessments paid in the bankruptcy claims and an explanation of the Measure B item; commented that the Regional Board is lifting the CDOs at a meeting on September 25<sup>th</sup>; and commented on an upcoming tour of the Wastewater Facility on September 25<sup>th</sup>.</p> <p>Richard Margetson commented that there was no discussion during the last item of the Palisades well; and statements on Director Storm's Facebook page.</p>

AGENDA ITEM	DISCUSSION
<p><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS</b></p> <p><b>A. CAL FIRE Report</b></p> <p><b>B. Utilities Department Report</b></p> <p><b>C. General Manager's Report</b></p> <p><b>D. District Legal Counsel Report</b></p> <p><b>E. LOCAC Report</b></p> <p><b>F. Emergency Services Advisory Committee (ESAC) Report</b></p> <p><b>G. Utilities Advisory Committee (UAC) Report</b></p> <p><b>H. Finance Advisory Committee (FAC) Report</b></p> <p><b>I. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences and Seminars</b></p>	<p>Battalion Chief Veneris announced Station 15-South Bay's 2014 Fire Safety Fair to be held on October 11<sup>th</sup> at Vons parking lot from 11:00 a.m. to 3:00 p.m. He reported on the July 2014 report as submitted in the agenda packet.</p> <p>Utility Compliance Technician Falkner reported on the July 2014 operations of the Utilities Department, reporting on water production and consumption, meter reading, and operations and maintenance of the water system, water conservation efforts, that staff has been working with the rate study consultant, and that she has been working on the annual drainage reports.</p> <p>General Manager Kivley reported that during the month of August 2014 she had been involved in preparations for this meeting, the ISJ negotiations, and SLOCEA negotiations. She reported that she worked with staff to complete the items for the joint FAC/UAC meeting and proposed water rate study.</p> <p>District Legal Counsel Seitz reported that during the month of August 2014 he worked with District Engineer Miller on two intent to serves, developing the resolution, and reviewing triggers for the Water Shortage Contingency Plan; worked with staff on four public record requests; worked with the County and District staff on changes to the biennial review and re-adoption of the District's Conflict of Interest Code; was involved with a personnel matter; worked with staff and CAL FIRE on an attempt to close Rosina Drive; worked with staff on a water rate study; and reviewed the IRWM agreement. He reported that the Measure B litigation was strictly a housekeeping matter. In regards to the ISJ, he attended two meetings and participated in numerous conference calls pertaining to the financing of the Basin Plan improvements and water rights issues.</p> <p>LOCAC Chairperson Milledge reported that at the August 29, 2014 meeting, the Committee reviewed and unanimously voted with conditions to recommend approval of a minor use permit for a vacation rental. She reported that LOCAC will be holding a series of meetings to review the Community Plan Update and encouraged District participation.</p> <p>Vice President Wright reported that the August ESAC meeting was canceled and that the next meeting would be held September 16, 2014.</p> <p>Director Moothart reported that at the August 13, 2014 meeting, the Committee discussed the Outdoor Water Conservation Program with a presentation by Dave Cox outlining the public outreach campaign; discussed the Emergency Water Shortage Contingency Plan; reviewed CIP Priority final recommendations. The next meeting of the UAC will be a joint meeting with FAC on Wednesday, September 10, 2014.</p> <p>Director Ochylski reported that the September 2, 2014 meeting was canceled and rescheduled to be held as a joint FAC/UAC meeting on Wednesday, September 10, 2014.</p> <p>Parks and Rec Ad Hoc Committee Member Storm, reported that he is waiting for a green light to conduct a free scientific survey that will outline the community needs.</p>
<p><b>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</b></p>	<p>Director Ochylski requested that in Agenda Item 11I, the wording "an Outdoor Water Conservation Plan" be substituted for "Rules and Regulations" in Subsection C of the second to the last Whereas in Resolution 2014-22.</p> <p>Linde Owen opposed the Barnett Cox proposal as it did not go through FAC or was approved by UAC and objected to spending any funds for a Facebook page.</p> <p>Julie Tacker also opposed the Barnett Cox proposal and funding the Facebook component. She requested that this go back to the committees.</p> <p>Richard Margetson requested Item 11D be pulled as the financials did not go through FAC; and commented that the water bills proration was incorrect.</p> <p>Lynette Tornatzky supports the Barnett Cox proposal and the Facebook component.</p> <p>Chuck Cesena supported Mr. Margetson's and urged the Board to listen to his comments.</p>

AGENDA ITEM	DISCUSSION
<p><b>11. CONSENT AGENDA</b>  <b>A. Receive Administrative and Committee Reports</b>  <b>B. Approve Meeting Minutes of August 7, 2014</b>  <b>C. Receive Warrant Register for the Month of August 2014</b>  <b>D. Receive Current Expenditure Reports</b>  <b>E. Adopt Resolution Verifying Biennial Review and Re-Adoption of the District's Conflict of Interest Code</b>  <b>F. Nitrate Removal Project Update South Bay Well</b>  <b>G. Adopt Resolution to Permit Destruction or Disposal of Certain District Records, Documents and Papers</b>  <b>H. Approve CIP List</b>  <b>I. Adopt Outdoor Water Conservation Program and Approve Contract with Barnett Cox &amp; Associates for a Dual Phase Public Outreach Campaign</b></p>	<p>Director Moothart clarified that UAC over the years has had indepth discussions in using an outside public relations firm, budgeted funds for it, approved the vendor, and it is now staff's discretion on how to move forward.</p> <p><b>A motion was made by Director Ochylski to receive and file the Administrative and Committee Reports, and to approve the Consent Calendar with the correction of the Scribner error in Resolution 2014-22. The motion was seconded by Director Moothart and carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Wright, Moothart, Storm, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p> <p>President Baltimore called for a break at 9:00 p.m. and the Board reconvened at 9:07 p.m.</p>
<p><b>12. GENERAL ACTION ITEMS</b>   <b>A. Approve the Issuance of a Conditional Intent to Serve Letter for Property Located at 1173 10<sup>th</sup> Street, Los Osos</b></p>	<p>Before this item was heard, Director Ochylski recused himself stating that he was involved in getting the entitlements for the property at Pine and LOVR and also with the sale of the property.</p> <p>District Engineer Miller reported that at one time twelve single family homes existed on the Pine and LOVR property. He reported that staff had been working with the developer to come up with a conditioned intent to serve letter and that the County and the District intend to condition the project at 1173 10<sup>th</sup> Street to the full 2:1 retrofit requirements. He discussed the special conditions in the letter.</p> <p>District Counsel Seitz reported that a number of the conditions are a part of the revisions currently being made to the District's intent to serve policy and that there is a provision under C2 regarding this intent to serve letter subject to current and future rules, and regulations of the District regarding water use.</p> <p>Public Comment – Vicki Milledge commented on the exchange of water credits as not adding another straw to the basin but moving the straw to a different location within the basin.</p> <p>Scott Black, Los Osos Investment Group, commented that the RWQCB approved the building of three bedroom homes but gave no bathroom count.</p> <p>Chuck Cesena commented that the Board has the evidence that there is no water and that we are in Stage IV of the Outdoor Conservation Plan; that it's unknown how the groundwater basin will stabilize when leach fields are shut off when the wastewater project comes online; and that there are too many unknowns and urged the Board to be cautious.</p> <p>Richard Margetson commented that there is not an adequate water supply at this time, that we're in a Level Severity III, and that the project is appealable to the Coastal Commission.</p> <p><b>A motion was made by Vice President Wright to continue the item to be considered under the District's revised Intent to Serve Policy. The motion was seconded by President Baltimore and carried with the following vote:</b></p> <p><b>Ayes: Directors Wright, Baltimore, Moothart, Storm</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>

AGENDA ITEM	DISCUSSION
	<p>Director Ochylski returned to the dais.</p> <p><b>A motion was made by Director Ochylski to extend the meeting past 10:00 p.m. The motion was seconded by Vice President Wright and carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Wright, Moothart, Storm, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<b>B. Adopt 2014 San Luis Obispo Integrated Water Management Plan (IRWM)</b>	<p>Utility Compliance Technician Falkner reported that the IRWM was established to promote shared management of water resources, that the program is administered by the State's Department of Water Resources and is a regional collaboration by 23 local agencies who support multiple water resource efforts.</p> <p>Public Comment – Bill Garfinkel commented that S&amp;T Water Company approved the Plan at their last Board meeting and urged the Board to support the Plan.</p> <p><b>A motion was made by Director Moothart to adopt Resolution No. 2014-21 adopting the 2014 San Luis Obispo County IRWM Plan. The motion as seconded by Director Ochylski and carried with the following vote:</b></p> <p><b>Ayes: Directors Moothart, Ochylski, Storm, Wright, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<b>12C. Appointment of Alternate Member to the Finance Advisory Committee (FAC)</b>	<p>General Manager Kivley gave a brief summary of the report as submitted with the agenda.</p> <p>Public Comment – None</p> <p>President Baltimore appointed Gary Orback as the Alternate Member to the Finance Advisory Committee.</p> <p><b>A motion was made by Vice President Wright that the Board confirm the appointment of Gary Orback as the Alternate Member to the Finance Advisory Committee. The motion was seconded by Director Storm and carried with the following vote:</b></p> <p><b>Ayes: Directors Wright, Storm, Moothart, Ochylski, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<b>13. DISCUSSION OF PULLED CONSENT ITEMS</b>	None.
<b>14. FUTURE AGENDA ITEMS</b>	None.
<b>15. CLOSING BOARD COMMENTS</b>	<p>Director Storm thanked Staff for their hard work in putting together the agenda packet and thanked everyone for a positive meeting.</p> <p>Director Moothart announced the Los Osos Rotary Club's 7<sup>th</sup> Annual Old Goats and Little Kids Family Fun Day on September 7, 2014 from 11:00 a.m. to 3:00 p.m. at Baywood Elementary School.</p> <p>Director Ochylski expressed his appreciation to District Engineer Miller and UAC Committee Member Ron Munds for all their work on the water ordinances and conservation plans.</p> <p>Vice President Wright announced the Fire Safety Fair on October 11, 2014, 11:00 a.m. to 3:00 p.m.</p> <p>President Baltimore thanked the public for their comments.</p>
<b>16. ADJOURNMENT</b>	The meeting adjourned at 10:18 p.m.