



July 25, 2014

TO: LOCSD Board of Directors
FROM: Ann Kudart, Administrative/Accounting Assistant III *agk*
SUBJECT: **Agenda Item 11B – 8/7/2014 Board Meeting**
Approve Meeting Minutes of July 3, 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

**Temporary 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 July 3, 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 July 3, 2014.

Attachment

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**Los Osos Community Services District
Board of Directors
DRAFT Minutes of the Regular Meeting of July 3, 2014**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>Vice President Wright called the meeting to order at 6:03 p.m. Director Moothart led the flag salute.</p> <p>Roll Call: Leonard Moothart, Director – Present Marshall Ochylski, Director – Absent Jon-Eric Storm, Director – Present Michael Wright, Vice Present – Present Craig Baltimore, President - Absent</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>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)</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>The Board adjourned to Closed Session at 6:04 p.m.</p>
	<p>The Board reconvened to Open Session at 7:08 p.m. and President Baltimore led the flag salute.</p> <p>Roll Call: 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 Ann Kudart, Administrative/Accounting Assistant</p>
<p>6. RECEIVE REPORT OUT OF CLOSED SESSION</p>	<p>District Legal Counsel Seitz reported that the Board discussed the status of the ISJ and Bankruptcy but took no reportable action. In regards to Personnel Matters, the Board heard a report but took no reportable action.</p>
<p>7. PRESENTATIONS AND PUBLIC HEARINGS</p> <p>7A. Adopt Resolutions Submitting the Following FY 2014/2015 Assessments and Special Tax Rolls to SLO County for Collection: 1. Bayridge Estates Annual Charges; 2. Vista de Oro Annual Charges; 3. Wastewater Assessment District No. 1 Assessments; 4 Drainage Special Tax</p>	<p>General Manager Kivley gave a brief summary of the report as submitted with the agenda packet.</p> <p>President Baltimore opened the public hearing for testimony to consider all objections or protests to levying the Bayridge Estates Annual Service Charge in Fiscal Year 2014/2015 tax rolls. There being none, the public hearing portion was closed.</p> <p>President Baltimore opened the public hearing for testimony to consider all objections or protests to levying the Vista de Oro Annual Service Charge in Fiscal Year 2014/2015 tax rolls. There being none, the public hearing portion was closed.</p> <p>President Baltimore opened the public hearing for testimony to consider all objections or protests to levying Wastewater Assessment District No. 1 Assessments in Fiscal Year 2014/2015 tax rolls.</p>

AGENDA ITEM	DISCUSSION
<p>7. PRESENTATIONS AND PUBLIC HEARINGS 7A. Adopt Resolutions Submitting the Following FY 2014/2015 Assessments and Special Tax Rolls to SLO County for Collection: 1. Bayridge Estates Annual Charges; 2. Vista de Oro Annual Charges; 3. Wastewater Assessment District No. 1 Assessments; 4 Drainage Special Tax (continued)</p>	<p>Public Comment: Richard Margetson commented on the total revenue amount asking if the rate was all inclusive.</p> <p>President Baltimore called for further public testimony and seeing none the public hearing portion was closed.</p> <p>President Baltimore opened the public hearing for testimony to consider all objections or protests to levying Drainage Special Tax in Fiscal Year 2014/2015 tax rolls.</p> <p>Public Comment: Richard Margetson commented that the County will add an additional \$2.00 per parcel.</p> <p>Staff responded that \$16.00 is the amount the Board is levying and that the County has the right to add Administrative charges.</p> <p>President Baltimore called for further public testimony and seeing none the public hearing portion was closed.</p> <p>A motion was made by Director Ochylski to adopt Resolutions 2014-05, 2014-06, 2014-07, and 2014-08 to levy the assessments as listed separately in EXHIBIT A for Bayridge Estates, Vista de Oro, Drainage and Wastewater Assessment District Service No. 1 assessments, authorize the District Engineer to add the \$5.00 per parcel administrative charge to the Wastewater bond assessments, and direct staff to submit adopted resolutions and tax rolls to the County for collection. The motion was seconded by Vice President Wright and carried 5-0 with a roll call vote.</p>
<p>7B. Adopt CPI Rate Increase of 1.86% to the Special Fire Tax for Fiscal Year 2014/2015 and Adopt Resolution to Levy and Approve Collection in the 2014/2015 Tax Rolls</p>	<p>General Manager Kivley gave a brief summary of the report as submitted with the agenda packet informing the Board of amendments made to the date of the CPI as shown in the resolution and that the motion should read FY2014/2015.</p> <p>President Baltimore opened the public hearing for testimony submitting Fiscal Year 2014/15 Special Fire Tax to San Luis Obispo County for Collection.</p> <p>Public Comment: Richard Margetson commented that the Ordinance contradicts the Resolution.</p> <p>Director Ochylski reported that there is an inconsistency as data is unavailable at the time the District needs to adopt and approve for levying and that the District should be looking at a calendar year CPI rather than a fiscal year.</p> <p>District Counsel Seitz reported that the District is not in conflict in using the January through December 2013 CPI index as being the basis for the amount of the percentage increase.</p> <p>President Baltimore called for further public comment and seeing none the public hearing portion was closed.</p> <p>A motion was made by Vice President Wright that the Board adopt Resolution 2014-09 approving the CPI rate increase and approve the levying and collection of the Special Fire Tax assessments as listed in the attached EXHIBIT A and submit to the County of San Luis Obispo for collection in the FY2014/2015 tax rolls. The motion was seconded by Director Ochylski and carried 5-0 with a roll call vote.</p>
<p>7C. Adopt Resolution Submitting District Past Due Water Accounts as Listed in General Manager's Report of Delinquent Water Charges in FY2014/15 Tax Rolls</p>	<p>President Baltimore opened the public hearing for testimony for protests to recording liens and levying assessments on past due accounts of delinquent water charges. There being none, the public hearing portion was closed.</p> <p>A motion was made by Director Moothart to adopt Resolution 2014-10 confirming the Report of the District General Manager for delinquent water charges and authorizing the collection of delinquent charges in the County FY2014/2015 Tax Rolls. The motion was seconded by Director Storm and carried 5-0 with a roll call vote.</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Frank Ausilio provided a redacted copy of his Golden State Water Company (GSWC) bill commenting on the discrepancies between the cost of water from GSWC and from the District. He commented on private wells and recommended the Board review the Ojai plan.</p>

AGENDA ITEM	DISCUSSION
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA (continued)</p>	<p>Dorrie Kohman commented on a much need community dog park in Los Osos and voiced her support.</p> <p>Linde Owen supported a local dog park; supports GSWC take over by the District; and commented on the November Los Osos election.</p> <p>Leslie McCann, Misty Wykoff, Andrea Leuker, Jon Zweemer, Darryl Rowe, Sarah Cohen, Lou Tornatzky, and Al Barrow supported and commented on the need for a local community dog park.</p> <p>Richard Margetson commented on the good works of longtime residents Leon and Martha Goldin who are moving out of the area.</p>
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p> <p>C. General Manager's Report</p> <p>D. LOCAC Report</p> <p>E. Emergency Services Advisory Committee (ESAC) Report</p> <p>F. Utilities Advisory Committee (UAC) Report</p> <p>G. Finance Advisory Committee (FAC) Report</p> <p>H. Interlocutory Stipulated Judgment (ISJ)</p> <p>H. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences and Seminars</p>	<p>Battalion Chief Veneris reported on the May 2014 report as submitted in the agenda packet.</p> <p>President Baltimore reported that the May 2014 Utilities Department report was submitted in the agenda packet and online.</p> <p>General Manager Kivley reported that Staff is in the process of closing fiscal year 2013/14 and is on target to meet the July 30, 2014 deadline for the initial work by the auditors; that it is the intention of staff to publish the adopted budget in final form during this month; staff is making changes to the HR program and reconciliation of various accounts; staff made necessary adjustments for increases in the PERS rate, Workers' Compensation rate, and the SDRMA rate plans. She reported that staff met with Barnett Cox on the marketing plan for the outdoor water conservation program and that they are working on a schedule and alternatives to delivering the message. General Manager Kivley reported that the District received two Statements of Qualifications for the water rate study and proposals were referred to the appointed rate subcommittee.</p> <p>LOCAC Chairperson Milledge reported that at the June 26, 2014 meeting, County Senior Planner James Caruso reported on revisions to water ordinances and that LOCAC will be making suggestions to outdoor water use regulations. She reported that LOCAC supports a local dog park; and that LOCAC will be holding Community Plan Update review meetings when the draft plan is released.</p> <p>Vice President Wright reported that at the June 17, 2014 ESAC meeting the Committee reviewed and approved the minutes and the financial updates for Fund 301, reviewed the CPI Special Fire Tax item, and heard an update of the Habitat Conservation Plan Section 7 permit. The next meeting of the ESAC will be held July 9, 2014.</p> <p>Director Moothart reported that at the June 11, 2014 UAC meeting the Committee discussed and provided instructive input to the Outdoor Water Conservation Program. The Committee recommended the Board move forward with monetary incentives to replace or upgrade irrigation systems. The Committee heard a report from District Engineer Miller concerning CIP prioritization of potential projects and costs. The next meeting of the UAC will be held Wednesday, July 15, 2014.</p> <p>Director Ochylski reported that at the June 30, 2014 FAC meeting, the Committee reviewed the minutes and requested that the minutes be consistent between the Committees; they recommended adoption of the Special Fire Tax; reviewed the Warrants; reviewed the Reserves item, and the current Expenditure Reports. The next meeting of the FAC will be held Monday, August 4, 2014.</p> <p>District Counsel Seitz gave a brief history of the ISJ reporting on the development by a technical group on a Basin Plan, implementation of that Plan, finance of the plan, and determination of the relative water rights of each of the purveyors. He reported that the draft Basin Plan was circulated last year for public comment, that the technical group received the comments and is making changes to the Plan. He reported that the primary focus is now on implementation and finance and how to do that equitably amongst all the residents residing inside the basin. A water rights attorney is working on the specific issues of water rights and who has credit between the purveyors for what proportion of the water.</p> <p>Vice President Wright reported on his attendance at the June 26, 2014 LOCAC meeting.</p> <p>Director Ochylski reported on the June meeting of the SLO Chapter of CSDA. The Auditor's Office reported on property tax revenue projections which are anticipated to increase 2.9% over the previous year. The next meeting will include planning issues that address the Special Districts, including the coastal area plan.</p> <p>Director Ochylski reported on his attendance at LAFCO and the discussion of the proposed Sphere of Influence updates with emphasis on coastal CSDs including Los Osos.</p>

AGENDA ITEM	DISCUSSION
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>President Baltimore continued Item 11G to be heard at a future meeting.</p> <p>Al Barrow voiced his appreciation for the graphs included with the Utilities Report. He commented on the static levels and lost revenues due to water conservation.</p> <p>Linde Owen commented on water conservation and the need for more signs; encouraged a joint LOCSD/LOCAC meeting to discuss the Community Plan; opposed the format of the minutes; opposed disposing of the meeting tapes; and commented on the loss of Solid Waste income.</p> <p>Richard Margetson opposed disposing of the meeting tapes; opposed the format of the minutes; inquired as to why Mr. Caruso reported at LOCAC and not at a District meeting; and commented on the Bond Reserve and freeing up the additional \$25,000 payments.</p>
<p>11. CONSENT AGENDA A. Receive Administrative and Committee Reports B. Approve Meeting Minutes of June 5, 2014 C. Receive Warrant Register for the Month of June 2014 D. Receive Current Expenditure Reports E. Adopt Resolution Declaring Equipment Surplus to CAL FIRE Station 15-South Bay Needs F. Adopt Resolution to Permit the Destruction or Disposal of Certain District Records, Documents, and Papers G. Adopt Resolution Approving an Interfund Loan from the District's Water Fund to the Vista de Oro Fund H. Adopt Resolution Setting the Reserves for FY2013/14 and FY2014/15</p>	
<p>12. GENERAL ACTION ITEMS A. Intent to Serve Policy for New Development</p>	<p>Legal Counsel Seitz reported that this item would be a discussion to provide policy direction to staff and that specific will serves would not be considered. He reported that UAC recommended limiting the duration of an Intent to Serve letter to two years with a one year extension.</p> <p>District Engineer Miller reported on the intent to serve written process, categorizing new development, and gave an update on measuring the physical characteristics of the groundwater basin.</p> <p>Public Comment – Al Barrow appreciated the discussion and commented that Golden State is issuing permits. He asked about the possibility of a District-wide ordinance requiring compliance to benefit the entire Basin.</p> <p>Linde Owen commented on the District's emergency ordinance; a full basin moratorium and questioned why ISJ isn't processing this item; and treated wastewater.</p> <p>Sandi Bean opposed a water moratorium.</p> <p>Richard Margetson commented on seawater intrusion progression and the need to get the District's emergency ordinance completed and to get the modeling in place.</p> <p>Jeff Edwards urged the Board to support and encourage water neutral or exchange development and strongly supports a local dog park.</p>

AGENDA ITEM	DISCUSSION
12A. Intent to Serve Policy for New Development (continued)	<p>A motion was made by Director Moothart to limit the duration of an Intent to Serve letter to a period of three years with a one year extension. The motion as seconded by Vice President Wright and carried with the following vote:</p> <p>Ayes: Directors Moothart, Wright, Baltimore Nays: Ochylski, Storm Abstain: None Absent: None</p> <p>A motion was made by Director Moothart to extend the meeting past 10:00 p.m. The motion was seconded by Vice President Wright and carried with the following vote:</p> <p>Ayes: Directors Moothart, Wright, Ochylski, Storm, Baltimore Nays: None Abstain: None Absent: None</p> <p>Director Ochylski clarified that water neutral is based on current use at the time of the application and that septic discharge is based on what the discharge was at the time the Prohibition Zone went into effect and that the process through the County is based on current consumption.</p> <p>The Board directed staff to amend the policy to include development that is water neutral throughout the basin, and that pertaining to offsets the District would be the gatekeeper.</p> <p>Legal Counsel Seitz recommended that the Board further directed staff to bring back, under Water Codes 375 and 350, regulation to guide the policy based on actual physical findings in the basin. The Board can then have a discussion should there be evidence to necessitate a moratorium or, if not, provide an exit strategy.</p>
12B. Vote for CSDA Region 5, Seat C Board Member	<p>General Manager Kivley gave a brief summary of the report as submitted with the agenda.</p> <p>Public Comment – None</p> <p>A motion was made by Director Ochylski to submit a vote for incumbent Vincent Ferrante to fill Seat C representing Region 5 of the California Special Districts Association. The motion as 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>
13. DISCUSSION OF PULLED CONSENT ITEMS	None.
14. FUTURE AGENDA ITEMS	<p>Director Moothart requested the Outdoor Water Conservation Program be agendized following a report from the marketing consultant.</p> <p>Director Storm requested a standardized fire flow ordinance subject to ESAC's findings be agendized.</p>
15. CLOSING BOARD COMMENTS	<p>Director Storm thanked the public for the positive meeting and looked forward to it continuing.</p> <p>Director Moothart wished everyone a safe and happy 4th of July and reported on the upcoming Rotary sponsored E-Cycling event this week at Trinity Methodist Church.</p> <p>Vice President Wright thanked the Goldins for their many years of service to the community of Los Osos.</p> <p>President Baltimore also thanked the Goldins for their service to the community. He reminded the public that all fireworks use, sale and possession are illegal in San Luis Obispo County.</p>
16. ADJOURNMENT	The meeting adjourned at 10:24 p.m.