



June 24, 2019

**TO:** LOCSO Board of Directors  
**FROM:** Ann Kudart, Administrative Services Manager  
**SUBJECT:** **Agenda Item 13B – 7/11/2019 Board Meeting**  
Approve Prior Meeting Minutes

**President**  
Marshall E. Ochylski

**Vice President**  
Charles L. Cesena

**Directors**  
Matthew D. Fourcroy  
Vicki L. Milledge  
Christine M. Womack

**General Manager**  
Renee Osborne

**District Accountant**  
Robert Stilts, CPA

**Unit Chief**  
Scott M. Jalbert

**Battalion Chief**  
Greg Huang

**DESCRIPTION**

Attached are the minutes of the Board of Directors meetings held June 6, 2019, June 13, 2019 and June 18, 2019 your approval.

**STAFF RECOMMENDATION**

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 Board of Directors meetings held June 6, 2019, June 13, 2019 and June 18, 2019.***

Attachment

**Mailing Address:**  
P.O. Box 6064  
Los Osos, CA 93412

**Offices:**  
2122 9<sup>th</sup> Street, Suite 110  
Los Osos, CA 93402

**Phone:** 805/528-9370  
**FAX:** 805/528-9377

[www.losososcsd.org](http://www.losososcsd.org)

**Los Osos Community Services District  
DRAFT Minutes of the Regular Meeting of June 6, 2019**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/SILENT OBSERVANCE/ROLL CALL</b></p>	<p>President Ochylski called the meeting to order at 6:00 p.m., led the flag salute and asked for a moment of silent observance.</p> <p>Roll Call:            Matthew Fourcroy, Director – Present            Vicki Milledge, Director – Present            Christine Womack, Director – Present            Chuck Cesena, Vice President – Present            Marshall Ochylski, President – Present</p> <p>The following staff was present:            Renee Osborne, General Manager            Roy Hanley, District Counsel            Jose Acosta, Utility Systems Manager            Ann Kudart, Administrative Services Manager</p>
<p><b>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS</b></p>	<p>Legal Counsel Hanley announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>CONFERENCE WITH LABOR NEGOTIATORS [Government Code §54957.6]</u>            Agency designated representatives: General Manager Osborne, Utility Systems Manager Acosta, District Counsel Roy Hanley            Employee designated representative: San Luis Obispo County Employees' Association (SLOCEA)</p> <p>B. <u>PUBLIC EMPLOYMENT [Government Code §54957 (b)(1)]</u>            Title: District Legal Counsel</p> <p>C. <u>PUBLIC EMPLOYMENT [Government Code §54957 (b)(1)]</u>            Title: General Manager</p>
<p><b>3. PUBLIC COMMENT</b></p>	<p>Public Comment – None</p>
<p><b>4. ADJOURN TO CLOSED SESSION</b></p>	<p>The Board adjourned to Closed Session at 6:01 p.m.</p>
<p><b>5. RECONVENE TO OPEN SESSION</b></p>	<p>The Board reconvened to Open Session at 7:02 p.m. Legal Counsel Hanley led the flag salute.</p> <p>President Ochylski announced that the Board took no reportable action in Closed Session.</p>
<p><b>6. REPORT OUT OF CLOSED SESSION MEETING</b></p>	<p>Roll Call:            Matthew Fourcroy, Director            Vicki Milledge, Director            Christine Womack, Director            Charles Cesena, Vice President            Marshall Ochylski, President</p> <p>The following staff was present:            Renee Osborne, General Manager            Roy Hanley, District Counsel            George Huang, Battalion Chief            Jose Acosta, Utility Systems Manager            Ann Kudart, Administrative Services Manager</p>
<p><b>7. PRESENTATIONS</b></p> <p><b>A. Recognition of Service to the Community Bruce Pickens, South Bay Fire Chief 1999-2004</b></p>	<p>President Ochylski asked for a moment of silence in honor of the passing of Bruce Pickens, a past South Bay-Station 15 Chief.</p>
<p><b>B. Review of Approved Water Rate Increase Scheduled for July 1, 2019</b></p>	<p>District Engineer Rob Miller and Richard Margetson, members of the Rate Study Working Group, reported that the Group conducted a review of the performance of the District's Water Fund as it relates to the three-year water rate increase approved in June 2017. A PowerPoint presentation was given and the Group reported that they reviewed background, discussed policy issues, and provided a detailed evaluation reporting that the Group concluded that the end goal of \$900,000 of net revenue had been met with current FY18/19 rates and is sufficient to fund planned capital improvements for the next five years. Should the Board take no action, the previously approved water rate increase will take effect on July 1, 2019.</p>

AGENDA ITEM	DISCUSSION
<p><b>7. PRESENTATIONS</b></p> <p><b>B. Review of Approved Water Rate Increase Scheduled for July 1, 2019 (continued)</b></p>	<p>Public Comment – Julie Tacker commented that both committees at the Joint FAC/UAC meeting recommended Board approval of the third water rate increase; that the 50% ad valorem property tax could be used as a reimbursement; and, that a rate increase will decrease water usage which benefits the basin and the whole District.</p> <p>Elaine Watson thanked the Group for their impressive presentation and supported their recommendation to not increase water rates.</p> <p>Vita Miller supported not implementing an increase.</p> <p>Lynette Tornatzky asked what happens should the ad valorem property tax be taken out of the water fund and what would be the cost to repair the old AC pipes.</p> <p><b>Director Womack moved to defer the rate increase and revisit in one year. The motion was seconded by Director Fourcroy and carried by unanimous consent.</b></p>
<p><b>C. Public Hearing to Adopt the Proposed Fiscal Year 2019/2020 Budget</b></p>	<p>General Manager Osborne reported that the negative balance in Fund 600 Wastewater, per the Auditor and District Bond Advisor, was cleared when the bond refinancing occurred and the 37% of the property tax will be reallocated to Fund 301 Fire. President Ochylski reported that FAC had reviewed the budget numerous times and unanimously recommended that the Board adopt the Budget.</p> <p>Public Comment – Julie Tacker commented on a need to account for the \$114,000; that FAC wanted to know where the debt occurred, where did the money come from to pay the debt, and how will it get paid back; and, asked where the money came from to pay for the studies regarding the debt.</p> <p>Richard Margetson supported further clarification on the issue of clearing out the negative balance in Fund 600 Wastewater.</p> <p>President Ochylski reported that by law the District needs to adopt a budget by July 1<sup>st</sup> or adopt a continuing resolution and recommends adopting the budget and make the adjustment at a later date.</p> <p><b>President Ochylski moved that the Board adopt Resolution 2019-12 adopting the 2019/2020 Fiscal Year Budget for Administration, Bayridge Estates, Vista de Oro, Fire, Water, with no water rate increase, Wastewater, Drainage and Parks and Recreation Funds. The motion was seconded by Director Womack and carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Womack, Fourcroy, Milledge, Cesena</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>Emily Miggins commented on the recent meeting regarding the Hazardous Mitigation Plan and General Manager Osborne's input.</p> <p>Vita Miller asked if the old tax assessment was rolled over during the recent bond refinancing.</p> <p>Julie Tacker requested that board member compensation be included in the financial reports each month; and, the Water Shortage Contingency Plan Stage III and leak adjustment credits.</p> <p>Richard Margetson commented on what funds in the general checking account are attributable not just to reserves but to other funds; and, does not believe that the District will need another rate increase for five years.</p>
<p><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS</b></p> <p><b>A. Fire Department Report</b></p> <p><b>B. Sheriff Department Report</b></p>	<p>Chief Huang provided a summary of the Chief's Report for April 21<sup>st</sup> through May 24<sup>th</sup> in which Station 15-South Bay responded to 122 calls, including 82 medical aids and 11 traffic collisions, four incidents were reported as fire, one as hazardous, 16 as public service assists, and, seven as false alarms. He welcomed Administrative Assistant Carrie Young, announced the installation of a new traffic signal on South Bay Boulevard and a brief update regarding weed abatement procedures.</p> <p>Commander Manuele, Sheriff's Coast Station, provided a report of Sheriff Department activities for the month of May 2019 with 526 calls for service which included assaults, road rage, disturbances, burglary, thefts, phone scams, and suspicious circumstances.</p>

AGENDA ITEM	DISCUSSION
<b>C. Utilities Department Report</b>	Utility Systems Manager Acosta provided a summary of the April 2019 activities of the Utilities Department as submitted in the agenda packet, reporting that residential water usage was 62.4 gallons per person per day, an increase from 59.7 gallons this same time last year. He reported on the production and runtime hours by well site, water billing information, Utilities Department operations and maintenance including water quality sampling, analysis and reporting for all well sites, monthly meter reading, continued valve exercising, groundskeeping at well sites and fire hydrants, service line upgrade and continued residential meter replacement, staff training for valve operation and maintenance and exam preparations, groundskeeping at Bayridge greenspace and Loma lot, construction of awnings for electrical panels, and rainfall totals.
<b>D. General Manager Report</b>	General Manager Osborne provided a summary of the GM's activities for May 2019 as submitted with the agenda packet reporting that staff has been working on the draft 2019/2020 Budget; that negotiations with SLOCEA continue; RFPs for Auditor Services were sent to nine auditing agencies and due back June 15 <sup>th</sup> and will be brought to the Board July 11 <sup>th</sup> ; that the District's grant submittal for 8 <sup>th</sup> Street Well Project; provided conservation updates; and, the possibility of turning an area at the Ferrell Avenue yard into a possible pocket park.
<b>E. Los Osos Community Advisory Council Report</b>	LOCAC Secretary Lynette Tornatzky reported on the May 23 <sup>rd</sup> meeting reporting that the Chairperson position is vacant; Supervisor Gibson reappointed two members and reported that the Habitat Conservation Plan will be presented to the Department of the Interior mid-June and published on the Federal Register mid-July beginning a 60-day comment period; cannabis projects linked on LOCAC's website; Director Fourcroy provided a LOCSD report; the Traffic and Circulation Committee study; GSWC tank project in Cabrillo; and a new coastal access sign erected on 1 <sup>st</sup> Street; and, Bill Lee's 1 <sup>st</sup> Street Project.
<b>F. Los Osos/Baywood Park Chamber of Commerce Report</b>	Chamber of Commerce Secretary Lynette Tornatzky reported on the Chamber's successful Festival of Flavors; the upcoming Water Conservation Fair on June 23 <sup>rd</sup> ; the recent mixer held on June 5 <sup>th</sup> and another upcoming mixer on June 12 <sup>th</sup> .
<b>G. Los Osos Focus Group of the Fire Safe Council Report</b>	Emily Miggins reported on the upcoming Town Hall Meeting on June 15 <sup>th</sup> at the South Bay Training Center at 10:00 a.m. on not only Fire Safety but also Emergency Preparedness.
<b>H. Utilities Advisory Committee Report</b>	Committee Chairperson Cesena provided a summary of the May 15 <sup>th</sup> UAC meeting in which the Committee reviewed the rate study presentation; Capital Improvement updates; discussion regarding rebates for penalties paid in Stage III; Title 2 updates; and, the next UAC meeting is scheduled to be held June 19 <sup>th</sup> .
<b>I. Parks and Recreation Advisory Committee Report</b>	Committee Chairperson Fourcroy provided a summary of the May 21 <sup>st</sup> meeting in which the Committee discussed the work on the Ferrell Avenue property which offers the possibility of an improved pathway between Ferrell Avenue and 7 <sup>th</sup> Street to improve circulation from Baywood to the Community Park; that the next step would be to conduct a snail survey; and, the next Parks and Recreation Committee meeting is scheduled to be held July 16 <sup>th</sup> .
<b>J. Emergency Services Advisory Committee Report</b>	Committee Chairperson Milledge provided a summary of the May 23 <sup>rd</sup> ESAC meeting in which the Committee met at Station 15-South Bay and reviewed progress regarding ongoing projects and the Fund 301 Fire budget. Chief Huang and Captain Ciecek provided the committee and the public an extensive tour of the fire station, inside and out.
<b>K. Finance Advisory Committee Report</b>	Committee Chairperson Ochylski provided a summary of the June 3 <sup>rd</sup> FAC meeting in which the Committee recommended Board adoption of the budget and further recommendations that the Board approve Agenda Items 11C, D, F, G, and J.
<b>L. Directors' Announcements of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences, and Seminars</b>	Vice President Cesena reported on his attendance at the June 5 <sup>th</sup> WRAC meeting and heard General Manager Osborne's presentation of the District's grant proposal for the 8 <sup>th</sup> Street project which recommended full funding.
<b>M. Response to Previously Asked Questions</b>	None

AGENDA ITEM	DISCUSSION
<p><b>10. PUBLIC COMMENT ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT AGENDA</b></p>	<p>Director Womack asked that Item 11F be pulled. President Ochylski pulled Consent Agenda Item 11F for further discussion.</p> <p>Public Comment – Julie Tacker commented that Items 11K and 11L should have been pulled for the Board to take the time to discuss; asked if ESAC looked at the budget as it is not on their workplan; and, that the snail survey in 2007 reported presence of endangered species.</p> <p>Richard Margetson objected to Item 11G and that ESAC reviewed the financials not the budget as previously reported.</p> <p>Emily Miggins encouraged young people to attend the June 15<sup>th</sup> Town Hall Meeting and that ESAC discussed a joint FAC/ESAC meeting to discuss the budget.</p>
<p><b>11. CONSENT AGENDA</b></p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Meeting Minutes of May 2, 2019 and May 6, 2019</p> <p>C. Approve Warrant Register for May 2019</p> <p>D. Receive Financial Reports for the Periods Ending April 30, 2019</p> <p>E. Adopt Resolution Establishing Appropriations Limit for Fiscal Year 2019/2020</p> <p>F. Designate the Local Agency Investment Fund (LAIF) as the Drainage and the Parks and Recreation Reserve Account</p> <p>G. Approve Transfer of Water Reserves from Rabobank Money Market Account into the Pacific Premier Money Market Account</p> <p>H. Adopt Resolution Authorizing the Issuance of a Credit Card to Carrie Young</p> <p>I. Approve a Snail Study to Determine Feasibility of a Pocket Park at the Ferrell Avenue Property</p> <p>J. Request to Reallocate 12.5% of Property Tax Funds to the Wastewater Fund 600</p> <p>K. Approve the Implementation of a District Water Conservation Rebate Program</p> <p>L. Approve Modified Water Shortage Contingency Plan</p> <p>M. Construction for 8<sup>th</sup> Street Upper Aquifer Well Equipping Project</p>	<p>A motion was made by Director Womack that the Board receive and file the Administrative and Committee Reports and approve the Consent Agenda with the exception of Item 11F. The motion was seconded by Director Milledge and carried with the following vote:</p> <p>Ayes: Directors Womack, Milledge, Fourcroy, Cesena, Ochylski Nays: None Abstain: None Absent: None</p>
<p><b>12. GENERAL ACTION ITEMS</b></p> <p><b>A. Discussion Regarding Director Compensation</b></p>	<p>President Ochylski recommended that the item be continued as there are a number of issues that still need to be addressed.</p> <p>Public Comment – Julie Tacker supported the continuance of the item and the need to figure out which meetings are eligible for reimbursement.</p> <p>President Ochylski appointed himself and Director Womack to an ad hoc committee to discuss with Legal Counsel and General Manager.</p>

AGENDA ITEM	DISCUSSION
<p><b>GENERAL ACTION ITEMS</b></p> <p><b>B. Consider Special District Risk Management Authority (SDRMA) Board of Directors Election Ballot</b></p>	<p>President Ochylski recommended a vote for Incumbent Swan.</p> <p>Public Comment – None.</p> <p>A motion was made by Director Fourcroy that the Board cast votes for Bob Swan, Jesse Claypool, and Sandy Seifert; adopt the Official 2019 SDRMA Election Ballot; and, direct staff to submit the official ballot documents to SDRMA before the deadline to 4:30 p.m., Wednesday, August 21, 2019. The motion was seconded by Director Milledge and carried by unanimous consent.</p>
<p><b>13. DISCUSSION OF PULLED CONSENT ITEMS</b></p> <p><b>11F. Designate the Local Agency Investment Fund (LAIF) as the Drainage and the Parks and Recreation Reserve Account</b></p>	<p>Director Womack asked if LAIF allowed more than one account and General Manager Osborne responded that they do not.</p> <p>Public Comment – Richard Margetson commented on differing drainage reserve amounts.</p> <p>Julie Tacker commented on FAC's recommendation to resolve the differing numbers as they are not accurate.</p> <p>A motion was made by Director Fourcroy to designate LAIF as the Drainage and Parks and Recreation Reserve account, to move \$226,024 from LAIF to the Rabobank Money Market Account for Water, to revisit the percentages at a later date and direct staff to provide accounting on the drainage reserve funds. The motion was seconded by Director Womack and carried 3-1-1.</p>
<p><b>14. FUTURE AGENDA ITEMS</b></p>	<p>None.</p>
<p><b>15. CLOSING BOARD COMMENTS</b></p>	<p>President Ochylski announced that the Board will have a special meeting on June 13<sup>th</sup> at 3:00 p.m.</p> <p>Vice President Cesena reminded the public that school is out for summer vacation, kids out playing, please slow down when driving.</p>
<p><b>16. ADJOURNMENT</b></p>	<p>The meeting adjourned at 9:25 p.m.</p>

**Los Osos Community Services District**  
**DRAFT Minutes of the Special Closed Session Meeting of June 13, 2019**

AGENDA ITEM	DISCUSSION OR ACTION
1. CALL TO ORDER/FLAG SALUTE/ROLL CALL	<p>President Ochylski called the meeting to order at 3:02 p.m. and led the flag salute.</p> <p>Roll Call:            Matthew Fourcroy, Director – Present            Vicki Milledge, Director – Present            Christine Womack, Director – Present.            Chuck Cesena, Vice President – Absent            Marshall Ochylski, President – Present</p> <p>The following staff was present:            Renee Osborne, General Manager            Jose Acosta, Utility Systems Manager            Ann Kudart, Administrative Services Manager</p>
2. ANNOUNCEMENT OF CLOSED SESSION ITEMS	<p>President Ochylski announced that the Board would adjourn to Closed Session for the following:</p> <p>A. <u>PUBLIC EMPLOYMENT [Government Code §54957 (b)(1)]</u>            Interview: District Legal Counsel Candidates</p>
3. PUBLIC COMMENT	Public Comment – None
4. ADJOURN TO CLOSED SESSION	The Board adjourned to Closed Session at 3:04 p.m.
5. RECONVENE TO OPEN SESSION	The Board reconvened to Open Session at 5:00 p.m.
6. GENERAL ACTION A. Selection of District Legal Counsel	<p>President Ochylski reported that Jeffrey A. Minnery, Adamski Moroski Madden Cumberland &amp; Green, had been selected by the Board as District Legal Counsel and that the contract would be brought back for ratification at the next Board meeting.</p>
7. ANNOUNCEMENT OF CLOSED SESSION ITEMS	<p>President Ochylski announced that the Board would adjourn to Closed Session for the following:</p> <p>A. <u>PUBLIC EMPLOYMENT [Government Code §54957 (b)(1)]</u>            Title: General Manager</p>
8. PUBLIC COMMENT	Public Comment – None
9. ADJOURN TO CLOSED SESSION	The Board adjourned to Closed Session at 5:02 p.m.
10. RECONVENE TO OPEN SESSION AND REPORT OUT OF CLOSED SESSION	The Board reconvened at 5:21 p.m. and President Ochylski reported that there was no reportable action.
7. ADJOURNMENT	The meeting adjourned at 5:21 p.m.

**Los Osos Community Services District**  
**DRAFT Minutes of the Special Closed Session Meeting of June 18, 2019**

AGENDA ITEM	DISCUSSION OR ACTION
<p><b>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</b></p>	<p>President Ochylski called the meeting to order at 5:00 p.m. and Director Womack led the flag salute.</p> <p>Roll Call:            Matthew Fourcroy, Director – Arrived at 5:08 p.m.            Vicki Milledge, Director – Present            Christine Womack, Director – Present.            Chuck Cesena, Vice President – Present            Marshall Ochylski, President – Present</p> <p>The following staff was present:            Renee Osborne, General Manager            Jeffrey Minnery, District Legal Counsel            Jose Acosta, Utility Systems Manager            Ann Kudart, Administrative Services Manager</p>
<p><b>2. GENERAL ACTION</b>  <b>A. Approve Retainer Agreement with Adamski Moroski Madden Cumberland &amp; Green LLP for Services as General Counsel</b></p>	<p>President Ochylski provided a brief summary of the staff report as submitted with the agenda packet.</p> <p>Public Comment – Julie Tacker commented that the staff report did not indicate when the process began; when did Mr. Haley announce his retirement; what sort of search took place; how many firms responded; and, welcomed Mr. Minnery.</p> <p>Jeff Edwards welcomed Mr. Minnery to the District; commented on the District's role as lead agency regarding the eastside well and will need to be versed in CEQUA issue; and, the need to sort out the director compensation issue.</p> <p>President Ochylski responded that there were five formal applicants and that Mr. Hanley announced he was retiring in March.</p> <p><b>Director Milledge moved to approve the retainer agreement with Adamski, Moroski, Madden, Cumberland and Green, authorize the Board President to execute it, and ratify expenditure of funds for all efforts to perform services as General Counsel beginning on June 13, 2019. The motion was seconded by Vice President Cesena and carried 4-0-1.</b></p>
<p><b>3. ANNOUNCEMENT OF CLOSED SESSION ITEMS</b></p> <p><b>3. PUBLIC COMMENT</b></p> <p><b>4. ADJOURN TO CLOSED SESSION</b></p>	<p>President Ochylski announced that the Board would adjourn to Closed Session for the following:</p> <p>A. <u>PUBLIC EMPLOYMENT [Government Code §54957(b)(1)]</u>            Title: General Manager</p> <p>Public Comment – Julie Tacker commented on anomalies with the General Manager's leave time and is looking for a resolution and for reportable action.</p> <p>The Board adjourned to Closed Session at 5:08 p.m.</p>
<p><b>5. RECONVENE TO OPEN SESSION AND REPORT OUT OF CLOSED SESSION</b></p>	<p>The Board reconvened at 5:39 p.m. and President Ochylski reported that there was no reportable action.</p>
<p><b>6. ADJOURNMENT</b></p>	<p>The meeting adjourned at 5:39 p.m.</p>