

**Los Osos Community Services District
Minutes of the Utilities Advisory Committee Meeting
May 16, 2018 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 Cesena called the meeting to order at 5:31 p.m. and led the flag salute.</p> <p><u>Roll Call:</u> Jan Harper, Committee Member – Present Gene Heyer, Committee Member – Present Leonard Moothart, Committee Member – Present Ron Munds, Committee Member – Arrived at 5:35 p.m. Eric Silva, Committee Member – Arrived at 5:35 p.m. Chuck Cesena, Chairperson – Present</p> <p><u>Staff:</u> Renee Osborne, General Manager Jose Acosta, Utility Systems Manager Ann Kudart, Administrative Services Manager</p>	
<p>2. Recap of May 16, 2018 Basin Management Committee Meeting</p>	<p>Chairperson Cesena provided a detailed update of the discussions and reports presented at today's BMC meeting included their Draft 2017 Annual Report; the April Monitoring Report showed readings relatively unchanged and the need for a monitoring well at Cuesta By the Sea; looking for grant funding for the Creek Recharge Project; there will be a workshop held at the Community Center on June 21st regarding the continuing water conservation efforts and rebates; update on the Basin Infrastructure issues regarding a well on the east side; regarding Wastewater, there are 177 unconnected properties at this time; General Manager Osborne and Committee Member Munds provided a brief update regarding the recycled water to the local schools; and, a short discussion regarding Morro Bay's treatment plant and the possibility of sharing facilities.</p> <p>Public Comment – Linde Owen commented on a proposal to draft a letter to the City of Morro Bay regarding the possibility of working together.</p> <p>Richard Margetson commented on the recycled water contracts with the schools and pricing.</p>	<p>Action – Updates only, no action associated.</p>
<p>3. Review of Board Item Regarding a Draft Letter Concerning the County's Sale of Reclaimed Water to Dryland Farmers</p>	<p>Chairperson Cesena presented the updated draft letter for Committee discussion; that much of the language was taken from the Coastal Development Permit; should not send water outside the Urban Reserve Line; and, asked the Committee to review and discuss.</p> <p>Committee Member Munds recused himself from the discussion.</p> <p>The Committee discussed the need to restructure the letter, to reference documents, provide stronger suggestions to have a clearer definition of what the District wants and why we are is formally objecting.</p> <p>Public Comment – Jeff Edwards commented on sending the letter to the Board of Supervisors and copying County Public Works, Coastal Commission, the Basin Management Committee and the other purveyors; critical to move forward to the Board of Supervisors to terminate the delivery contracts.</p> <p>Linde Owen supported immediate elimination of dryland farmer contracts.</p> <p>Charlie Cote commented starting the letter with proposals and then the rebuttals to Mr. Hutchinson's January 17th report.</p> <p>Richard Margetson commented that the Coastal Commission should weight in as these are new facts and that the sale of this water to dryland farmers has no impact on seawater intrusion and reduces the mitigation factor dramatically.</p>	<p>Action – The Ad Hoc Committee will edit the draft letter to be presented to the Board at their June meeting.</p>

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<p>3. Review of Board Item Regarding a Draft Letter Concerning the County's Sale of Reclaimed Water to Dryland Farmers (continued)</p>	<p>Committee Member Moothart made a motion that an Ad Hoc Committee of Chairperson Cesena, Committee Member Harper, and Committee Member Heyer will work together to edit and formalize the letter to go to the Board in June. The motion was seconded by Committee Member Silva and carried 4-0 with Committee Munds abstaining.</p>	
<p>4. Utilities Department Updates</p> <p>- Production versus Consumption Analysis</p> <p>- Valve Exercising Equipment</p> <p>- 8th Street Storage Building</p>	<p>Utility Systems Manager Acosta provided an analysis of Production vs Consumption as requested by UAC at their last meeting and included in the agenda packet. He reported that the District has remained within the standard 10% disparity over the past 12 years with the exception of 2 years.</p> <p>At this point in the meeting, Committee Member Moothart left the dais.</p> <p>Mr. Acosta reported on possible disparity factors and steps he plans to take including internal water audits, inventory of dead-ends, better monitoring, and conducting professional water surveys.</p> <p>Public Comment – Jeff Edwards asked about Golden State's loss and the percentage of old meters and laterals and supported the calibration of well meters.</p> <p>Richard Margetson requested that the production chart be attached to the Utilities Department report; supported a professional water survey being conducted at night; and, that recent major construction could factor into the disparity.</p> <p>Mr. Acosta reported on the District's history regarding the valve exercising equipment and recommended purchasing the equipment.</p> <p>Public Comment – Jeff Edwards commented on storing the equipment out of the weather.</p> <p>Richard Margetson and Linde Owen commented on sharing the equipment with the other purveyors.</p> <p>Mr. Acosta provided an update on the status of the bid process regarding 8th Street Storage Building; that bids are due May 24th and construction beginning the end of June.</p>	<p>Action – Updates, no action.</p>
<p>5. Draft Fiscal Year 2018/2019 Water and Drainage Budgets</p>	<p>General Manager Osborne reviewed Fund 500 summary as submitted with the agenda packet reporting that staff is requesting the allocation of 12.5% of Zone A property tax to Drainage for much needed improvement projects, the continuation of 8th Street Well Phase 2 construction, the new building at the water yard, and the reservoir inspection for the 10th Street tank. Staff is requesting the addition to the 18/19 budget of the valve exercising equipment and much needed repairs to the excavator.</p> <p>Regarding Drainage Fund 800, in FY 18/19 staff will be making much needed repairs to the 16th Street drainage facility, Don and Mitchell drainage facility, and the replacement of Bayridge draining facility pump at a cost of \$110,000. Staff is requesting UAC recommendation regarding the 12.5% Zone A property tax reallocated to Fund 800 Drainage.</p> <p>Public Comment – Richard Margetson commented on water revenue projection, and recycled water sales and LAIF's higher interest rates.</p> <p>Linde Owen – commented on staff salaries and wages.</p> <p>Richard Margetson commented on fund accounting and the need to balance the budget to zero; and the need to see a list of all Drainage projects and Fire's budget before deciding on the allocation the 12.5% property tax.</p>	<p>Action – The Committee recommended accepting the Water and Drainage budgets with the Committee's comments and amendments and agreed with the concept regarding the 12.5% property tax allocation to Drainage this year, however, deferred the final decision to FAC.</p>

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5. Draft Fiscal Year 2018/2019 Water and Drainage Budgets (continued)	<p>Committee Member Harper made a motion to accept the Water and Drainage budgets with the Committee's comments and amendments. The motion was seconded by Committee Member Heyer and approved unanimously.</p> <p>Committee Member Harper made a motion that the Committee agrees with the concept regarding the 12.5% property tax allocation to Drainage this year but deferred the final decision to FAC. The motion was seconded by Committee Member Heyer and approved unanimously.</p>	
6. Public Comments on Items NOT on this Agenda	<p>Lynette Tornatzky commented that she was unable to access the agenda on the website.</p> <p>Richard Margetson commented on a possible water rate decrease in two years and that the Water Rate Committee should reconvene.</p> <p>Linde Owen commented on the need for more water conservation banners around town and appreciated the water conservation messages on the electronic board.</p>	
7. Schedule UAC Meeting	The next meeting of the Utilities Advisory Committee is scheduled to be held on Wednesday, June 20, 2018 at 5:30 p.m. unless otherwise noticed.	
8. Closing Comments by UAC Committee Members	Committee Members thanked staff for their work on the budget and appreciated the projects moving forward.	
9. Adjournment	The meeting adjourned at 7:57 p.m.	