

**Los Osos Community Services District
Board of Directors
Minutes of the Regular Meeting of June 4, 2015**

AGENDA ITEM	DISCUSSION OR ACTION
<p>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</p>	<p>President Wright called the meeting to order at 6:00 p.m. and Director Storm led the flag salute.</p> <p>Roll Call: Chuck Cesena, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Arrived 6:07 p.m. Mike Wright, 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>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</p> <p>3. PUBLIC COMMENT ON CLOSED SESSION ITEMS</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>LOCSD v. Golden State et al</i> (Groundwater Adjudication), Case No. CV040126 (San Luis Obispo Superior Court) - <i>In re Los Osos Community Services District (ND-06-10548)</i> United States Bankruptcy Court, Central District of California, Northern Division - <i>RWQCB v. LOCSD</i>, Case No. CV051074</p> <p>B. <u>POTENTIAL LITIGATION (Government Code §54956.9(d) (2).)</u> Conference with Legal Counsel Regarding Potential Litigation (1 case)</p> <p>C. <u>PERSONNEL MATTERS (Government Code §54957)</u> Conference with Labor Negotiators - District Negotiators: Kathy Kivley, General Manager and Michael Seitz, District Counsel</p> <p>D. <u>REAL PROPERTY MATTERS (Government Code §54956.8)</u> - Conference with Real Property Negotiator Property: APN 038-662-002, 2030 10th Street, Los Osos, CA District Negotiator: Kathy A. Kivley, General Manager Negotiating Party: Thomas R. Kellaway, Property Owner Issue: Provide instructions to Negotiator</p> <p>Public Comment: Julie Tacker, Peggy Pavek and Sandra Hedges opposed Item 2D.</p> <p>The Board adjourned to Closed Session at 6:08 p.m.</p>
<p>5. RECONVENE TO OPEN SESSION</p>	<p>President Wright reconvened the meeting to Open Session at 7:15 p.m. and Director Storm led the flag salute.</p> <p>Roll Call: Chuck Cesena, Director – Present Jon-Eric Storm, Director – Present Lou Tornatzky, Director – Present Marshall Ochylski, Vice President – Present Mike Wright, President – Present</p> <p>The following Staff were present: Kathy Kivley, General Manager Michael Seitz, District Legal Counsel Mike Doyel, District Accountant Phill Veneris, Battalion Chief Ann Kudart, Administrative/Accounting Assistant</p>

AGENDA ITEM	DISCUSSION
<p>6. RECEIVE REPORT OUT OF CLOSED SESSION</p>	<p>District Legal Counsel Seitz reported that the Board discussed the groundwater adjudication, gave direction but took no reportable action; heard a report regarding the bankruptcy but took no reportable action; in regards to Item 2B the Board heard a report from Legal Counsel; in regards to Item 2C the Board heard a report from the General Manager, gave directions but took no reportable action; and in regards to Item 2D the Board heard a report and gave direction.</p>
<p>7. PRESENTATION</p> <p>A. Administer Firefighter's Oath to New Station 15-South Bay Reserve Firefighters Christian Evers, Peter Hardy, Tyler Loudermilk, Virgil Messer, Kyle Parker, Nathan Welch, and Matthew Westbrook</p>	<p>Battalion Chief Veneris introduced the new reserves. He reported that Reserve Firefighter Nathan Welch was unavailable as he was on duty at another station.</p> <p>President Wright administered the Firefighter's Oath and the Reserves were pinned by family and coworkers. The Board, staff, and public congratulated the Reserves and thanked all the firefighters present for their service to the community.</p>
<p>7. PUBLIC HEARINGS</p> <p>B. Adopt Final Budget for Fiscal Year 2015/2016</p>	<p>General Manager Kivley reported that this item is a continuation of the Public Hearing at the Board's May 20, 2015 meeting and as directed at that meeting staff adjusted the property tax to reflect the 2.94% increase, included outstanding obligation from CalPERS, and included the cost of insurances next year. She reported that the Audit should be received within 30 days.</p> <p>Public Comment: Julie Tacker, Richard Margetson, Linde Owen spoke.</p> <p>A motion was made by Vice President Ochylski to continue the Budget hearing to the next meeting and direct staff to bring back a continuing resolution. The motion was seconded by Director Cesena and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Cesena, Storm, Tornatzky, Wright Nays: None Abstain: None Absent: None</p>
<p>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</p>	<p>Julie Tacker commented on the May 29th water event and that Golden State will hold another meeting.</p> <p>Linde Owen commented on a move by the District to a new location; the recent water event; and the Audit and financial activities.</p> <p>Peggy Pavek commented on her opposition to any move by the District to a new location.</p> <p>Richard Margetson commented on the committee structure and the change in the meeting venue.</p> <p>Lynette Tornatzky disagreed with the previous speakers and supported the change in the Board meeting venue.</p> <p>Sandra Hedges disagreed with the previous speaker.</p>
<p>9. ADMINISTRATIVE AND COMMITTEE REPORTS</p> <p>A. CAL FIRE Report</p> <p>B. Utilities Department Report</p> <p>C. General Manager Report</p> <p>D. District Legal Counsel Report</p>	<p>Battalion Chief Veneris reported on the recent Hazard Abatement inspections and provided a summary of the April 2014 report as submitted in the agenda packet.</p> <p>President Wright announced that Utilities Compliance Technician Falkner was unavailable and that a written report was submitted in the agenda packet.</p> <p>General Manager Kivley reported that staff has worked on the budget, been involved with SLOCEA negotiations, negotiations with Barnett Cox, the Bayridge Estates project, US Bank resolution, the ISJ, worked with the Auditors, and finalized information with the State Controller.</p> <p>Legal Counsel Seitz reported on the prepaid assessments and a recent small claims case in which the District received a defense award.</p>

AGENDA ITEM	DISCUSSION
<p>E. LOCAC Report</p> <p>F. Los Osos/Baywood Park Chamber of Commerce Report</p> <p>G. Emergency Services Advisory Committee Report</p> <p>H. Finance Advisory Committee Report</p> <p>I. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Trainings, etc.</p>	<p>Chairperson Milledge reported that at the May 28, 2015 meeting the Council received reports from the Sheriff's Department, the Highway Patrol, County Planning Department, and County Public Works. The next LOCAC meeting will be held June 25, 2015.</p> <p>There was no Chamber report.</p> <p>Vice President Ochylski reported that at the May 12, 2015 ESAC meeting the Committee reviewed and discussed items regarding the draft budget including the Special Fire tax revenues, PERS procedures, and the Vehicle Sinking Fund.</p> <p>Director Storm reported that at the May 14, 2015 FAC meeting the Committee reviewed the draft budget and recommended that the Board research the 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; consider a modular building at the Water Yard, and work to improve the bond rating.</p> <p>Director Tornatzky reported on his attendance at the June 3, 2015 WRAC meeting. The committee heard a report on awarding the IRWM grant funding. The District was not awarded a grant due to the Basin Plan not being approved through the ISJ.</p> <p>Vice President Ochylski reporting on his attendance at the quarterly meeting of the MBNEP Executive Committee. The Committee adopted the budget, discussed further analysis on the eel grass program, and awarded grant funding to the Morro Bay Historical Museum.</p>
<p>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</p>	<p>At the request of Director Cesena, President Wright pulled Item 11F for further discussion.</p> <p>Public Comment: Julie Tacker, Peggy Pavek, Linde Owen, Richard Margetson, and Lynette Tornatzky spoke.</p> <p>Legal Counsel Seitz requested that Item 11E be pulled. He reported that as the Board did not pass the Budget the appropriation limit cannot be set.</p>
<p>11. CONSENT AGENDA</p> <p>A. Receive Administrative and Committee Reports</p> <p>B. Approve Minutes of May 7, 2015 and May 20, 2015</p> <p>C. Receive Warrant Register through May 2015</p> <p>D. Receive Current Expenditure Reports through April 30, 2015</p> <p>E. Establish Appropriation Limit for FY15/16</p> <p>F. Award Bid for Bayridge Estates Phase 1 Maintenance Improvement Project</p> <p>G. Authorization to Approve Amended and Restated Hazardous Materials Team Cooperative Agreement</p> <p>H. Approve Contract Extension with Barnett Cox & Associated</p> <p>I. Accept Fireman's Fund Heritage Grant and Approve Budget Adjustment</p>	<p>A motion was made by Vice President Ochylski to receive and file the Administrative and Committee Reports and to approve the items on the Consent Calendar with the exceptions of Items 11E and 11F. The motion was seconded by Director Cesena and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Cesena, Storm Tornatzky, Wright Nays: None Abstain: None Absent: None</p>

AGENDA ITEM	DISCUSSION
<p>12A. Consider SDRMA Board of Director Election Ballot</p>	<p>Public Comment: None.</p> <p>A motion was made by Director Storm that the Board adopt Resolution 2015-16 entering a vote for R. Michael. The motion was seconded by Director Tornatzky and carried with the following vote:</p> <p>Ayes: Directors Storm, Tornatzky, Cesena, Ochylski, Wright Nays: None Abstain: None Absent: None</p>
<p>12B. Confirm Appointment of Alternate Member to Morro Bay National Estuary Program (MBNEP)</p>	<p>President Wright nominated Director Cesena as the LOCSD Alternate Member to the MBNEP.</p> <p>Public Comment: None.</p> <p>A motion was made by Director Tornatzky that the Board confirm the appointment of Director Cesena as the LOCSD Alternate Member to the Morro Bay National Estuary Program. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Tornatzky, Storm Cesena, Ochylski, Wright Nays: None Abstain: None Absent: None</p>
<p>12C. Define Responsibilities for Potential Development of a Parks and Recreation Advisory Committee</p>	<p>Public Comment: Julie Tacker and Linde Owen supported a Parks and Recreation Advisory Committee.</p> <p>Director Storm made a motion that the Board create a Parks and Recreation Committee composed of members of the public and two Directors to be appointed by the President and confirmed by the Board to explore the Scope of Responsibilities of the Committee and return a recommendation to the Board within six months. The motion was seconded by Vice President Ochylski and carried with the following vote:</p> <p>Ayes: Directors Storm, Ochylski, Cesena, Tornatzky, Wright Nays: None Abstain: None Absent: None</p> <p>President Wright appointed Directors Storm and Tornatzky to a Parks and Recreation Committee.</p>
<p>13. DISCUSSION OF PULLED ITEMS</p> <p>11E. Establish Appropriation Limit for Fiscal Year 2015/2016</p> <p>11F. Award Bid for Bayridge Estates Phase 1 Maintenance Improvement Project</p>	<p>Public Comment: None.</p> <p>Vice President Ochylski made a motion to continue Item 11E to the next Board meeting. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Ochylski, Storm, Cesena, Tornatzky, Wright Nays: None Abstain: None Absent: None</p> <p>Director Cesena asked if there would be a reimbursement request from the District to the County. General Manager Kivley reported that a request would be submitted to the County.</p> <p>Public Comment: Julie Tacker and Richard Margetson spoke.</p> <p>Director Cesena made a motion to award the construction contract to Specialty Construction, Inc. in the amount not to exceed \$49,800 for the Bayridge Estates Phase 1 Sewer Maintenance Improvement Project. The motion was seconded by Director Storm and carried with the following vote:</p> <p>Ayes: Directors Cesena, Storm, Tornatzky, Ochylski, Wright Nays: None Abstain: None Absent: None</p>

AGENDA ITEM	DISCUSSION
14. FUTURE AGENDA ITEMS	<p>Vice President Ochylski requested an item amending the Bylaws to allow committee reports to be received and filed by the Board.</p> <p>Director Cesena requested an item amending the Bylaws allowing a committee chair to call special committee meetings or go back to monthly meetings that can be canceled if necessary.</p>
15. CLOSING BOARD COMMENTS	<p>Director Cesena announced the June 8th Community Plan Update workshop.</p> <p>Director Tornatzky reported</p> <p>Director Storm congratulated the new reserve firefighters and looks forward to working with the new Parks and Recreation Committee.</p> <p>President Wright congratulated the new reserve firefighters and looks forward to the new Parks and Recreation Committee moving forward.</p>
16. ADJOURNMENT	<p>The meeting adjourned at 9:30 p.m.</p>