



November 20, 2014

**TO:** LOCSD Board of Directors  
**FROM:** Ann Kudart, Administrative/Accounting Assistant III  
**SUBJECT:** **Agenda Item 11B – 12/04/2014 Board Meeting**  
Approve Meeting Minutes of November 13, 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 November 13, 2014 Board of Directors Regular Meeting.

**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 November 13, 2014.***

Attachment

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**Los Osos Community Services District  
Board of Directors  
DRAFT Minutes of the Regular Meeting of November 13, 2014**

AGENDA ITEM	DISCUSSION OR ACTION
1. CALL TO ORDER/FLAG SALUTE/ROLL CALL	<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>
2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION	<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>State of California et al., ex rel. Estate of Sherwin v. Office Depot, Inc.</i>, Case No. BC410135</p>
3. PUBLIC COMMENT	
4. ADJOURN TO CLOSED SESSION	<p>B. <u>PERSONNEL MATTERS (Government Code §54957)</u>  - Public Employee Performance Evaluation – District General Manager</p> <p>Public Comment – Richard Margetson commented on the Groundwater Adjudication and commented on why he does not support a positive evaluation for the General Manager.</p> <p>The Board adjourned to Closed Session at 6:05 p.m.</p>
	<p>The Board reconvened to Open Session at 7:15 p.m. and Vice President Wright 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>
6. RECEIVE REPORT OUT OF CLOSED SESSION	<p>District Legal Counsel Seitz reported that in regards to Personnel Matters, the Board reached a conclusion but that there would be further discussions and negotiations to take place.</p> <p>In regards to the Sherwin v. Office Depot litigation, as a member of the class action lawsuit the Board on a vote of 5-0 approved a settlement in the amount of \$5,523.69.</p>
7. PRESENTATIONS AND PUBLIC HEARINGS	None.
8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA	<p>Al Barrow presented cookies to the staff.</p> <p>Keith Wimer commented on the Cambria Conservation Program; that the Sustainable Groundwater Management Act set a high bar for groundwater management; and supports monitoring of both private and public wells.</p>

AGENDA ITEM	DISCUSSION
<p><b>8. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b></p>	<p>Chuck Cesena thanked the community in their support during the recent election. He commented that the \$180,000 from property taxes should go to fire and not water.</p> <p>Jeff Edwards commented on the disposal of the treated effluent from the wastewater project and supports the seasonal release of treated effluent into Los Osos Creek.</p> <p>Julie Tacker supports the \$180,000 in property taxes going to fire; requested an explanation as to why seven assessments were paid out of the bankruptcy; commented that there was no District participation at today's Water Board meeting; asked about compensation from the other ISJ partners to help pay for the outdoor water conservation public relations campaign; and the recent seawater intrusion press release.</p> <p>Linde Owen commented on the public relations campaign; objected to the lengthy adjudication process and would like to see the process move quicker; and voiced her objection that the candidate's forum was not played on Channel 20.</p> <p>Richard Margetson commented on the candidate's forum not playing on Channel 20; urged the Board to weigh in on the County abandoning the retrofit upon sale ordinance for Los Osos; and the cancellations of the committee meetings.</p> <p>Patrick McGibney commented on the importance of mandating conservation measures now and not just urging the public to conserve; commented on the importance of monitoring all users both private and agricultural in order to know how much water is being removed from the basin; and supports the Cambria Conservation Program.</p>
<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, Trainings, etc.</b></p>	<p>Battalion Chief Veneris reported on the success of the October 11<sup>th</sup> Fire Safety Fair and reported on the September 2014 Chief Report including emergency activity, administration, training, and special programs and projects as submitted in the agenda packet.</p> <p>Utility Compliance Technician Falkner reported on the September 2014 operations of the Utilities Department, reporting on water production and consumption. She reported on water conservation efforts, the County's rebate program, the energy watch program, and the 2014 Coastal Cleanup Day.</p> <p>General Manager Kivley reported that during the month of October 2014 the Auditors were here finalizing the field work for the FY2013/14 audit; she updated and modified the personnel policies to comply with the current laws, regulations, and the MOU. Ms. Kivley reported that she worked with the District Accountant continued the reconciliation for the various reserve accounts to ensure they accurately reflect the bank balances and adjusted the financial records to correspond to the balances. She attended the CalPERS yearly meeting for Business Partners Seminar; participated in conference calls and meetings regarding the ISJ efforts; and prepared and analyzed financial worksheets to write off the bank accounts and the construction in progress differences.</p> <p>District Legal Counsel Seitz reported on his work on the District's Office Depot settlement.</p> <p>LOCAC Chairperson Milledge reported on the October 23, 2014 meeting. The Council heard the County and local agency reports and concentrated on vacation rental issues. She reported that there would not be a LOCAC meeting in November; the next meeting would be held December 11, 2014.</p> <p>Vice President Wright reported that at the October 21, 2014 meeting the committee reviewed the Fire financials; that the Fire Flow has been updated; heard an update about the Fire Safety Fair; and the Chief's Report.</p> <p>Director Moothart reported that at the October 15, 2014 meeting the Committee discussed the recommendations to the Board regarding leak adjustment credits. He reported that the Committee requested future agendas include updates from the ISJ, WRAC, and the Water Board.</p> <p>Director Ochylski reported that there was no FAC meeting.</p> <p>Director Moothart reported on his attendance at LOCAC and that he provided the District's CIP list to the Council.</p>

AGENDA ITEM	DISCUSSION
<p><b>10. PUBLIC COMMENT FOR ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</b></p>	<p>Director Ochylski requested Consent Agenda Item 11F be continued. President Baltimore pulled Item 11F from the Consent Calendar for further discussion.</p> <p>Al Barrow commented on the need to know the condition of the Basin and that there is not enough water for the existing community.</p> <p>Keith Wimer commented on scheduling another discussion concerning the District's Emergency Water Shortage Contingency Plan believing it is flawed and to look at it in terms of what Cambria has to offer.</p> <p>Linde Owen commented that the leak adjustment credit was the only item on the UAC agenda; how does the loss of the solid waste franchise affect the District's survival; commented on the cancellation of FAC meetings; and believes the County's drainage project is ineffective.</p> <p>Jeff Edwards commented on Item 11E and District office staffing.</p> <p>Julie Tacker commented on the need for mid-year budget adjustments, look at overstaffing, and the need to cut spending or cut services.</p> <p>Richard Margetson commented that the seawater intrusion analysis report should have been on the UAC agenda for discussion; that FAC should be addressing financial issues; and the ESAC meeting report.</p>
<p><b>11. CONSENT AGENDA</b></p> <p><b>A. Receive Administrative and Committee Reports</b></p> <p><b>B. Approve Meeting Minutes of October 2, 2014</b></p> <p><b>C. Receive Warrant Register for the Month of October 2014</b></p> <p><b>D. Receive Current Expenditure Reports</b></p> <p><b>E. Adopt Resolution Approving the MOU between LOCSD and SLOCEA for the Miscellaneous Employees Bargaining Unit through June 30, 2015</b></p> <p><b>F. Adopt Resolution Establishing Reserve Fund for the Community Fund</b></p> <p><b>G. Approve 2015 Board of Directors Meeting Schedule</b></p> <p><b>H. Nitrate Removal Project Update South Bay Well</b></p>	<p><b>A motion was made by Director Ochylski to receive and file the Administrative and Committee Reports, and to approve the items on the Consent Calendar with the exception of Item 11F. The motion was seconded by Director Moothart and 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>12. GENERAL ACTION ITEMS</b></p> <p><b>A. 2014 Seawater Intrusion Monitoring Report</b></p>	<p>General Manager Kivley gave a brief introduction of the item which was informational only with no proposed Board action.</p> <p>District Engineer Rob Miller reported that the purpose of the presentation was to talk about a monitoring event which is a snapshot in time of the status of seawater intrusion in our lower aquifer. The monitoring is to update estimates of the rate and extent of seawater intrusion in the lower aquifer. He reported that the seawater front is west of the Palisades well and while the rate of seawater intrusion has been stable since 2005 it is a rate of concern. If Basin Plan measures are not implemented and if the rate of seawater intrusion does not decrease the Palisades well will be impacted. He reported that time is of the essence for corrective measures and noted that when pumping is relaxed there is a potential for seawater to move back.</p> <p>Public Comment – Al Barrow asked how much the study cost; commented on possibly being in a drought for the next century and therefore cannot expect the recharge we've had historically; drinking water standards; and the overdraft of the Basin.</p>

AGENDA ITEM	DISCUSSION
<p><b>12. GENERAL ACTION ITEMS</b></p> <p><b>A. 2014 Seawater Intrusion Monitoring Report (continued)</b></p>	<p>Jeff Edwards commented on the lack of basin management and the ISJ process; the importance of the creek discharge model; and urged the Board to complete the intertie with Golden State and get off the Palisades well immediately.</p> <p>Keith Wimer commented that the fastest way to stop seawater intrusion is to stop pumping the Palisades well and conservation.</p> <p>Linde Owen thanked the Sustainability Group for looking at the issues; asked if the Broderson site was effective; supports pumping, treating, and drinking from the upper aquifer; and commented that moving wells to the east is only postponing the situation.</p> <p>Patrick McGibney commented on the need to act immediately; supports the Cambria conservation plan; and opposes future development.</p> <p>Julie Tacker urged the Board to take action, to stop pumping at the Palisades well, to engage the intertie with Golden State, and to find an eastside parcel that's appropriate for a District eastside well.</p> <p>Richard Margetson commented that the Palisades well had been slurried to remove the Zone E influence. He requested a mathematical equation be run to see if we are already past the population of the community for basin output.</p> <p>Chuck Cesena supported the previous speaker's comment and asked do we have enough water for the existing community; and commented on not knowing the impact of the Wastewater Project on the community and the groundwater basin for many years.</p> <p>Jan Harper commented on the previous speakers' comments.</p>
<p><b>B. Introduce by Title Only and Consider Ordinance Amending Title 2 of District Code Regarding Leak Adjustment Credits</b></p>	<p>General Manager Kivley reported that the item was presented to the UAC and all of their recommendations were incorporated herein. Utility Compliance Technician Falkner reported that this item would amend Section 2.01.20 of the District Code to limit criteria for a leak adjustment credit as recommended by the UAC to include customer service lines but exclude irrigation, toilets, and faucets.</p> <p>Public Comment – Julie Tacker commented that she was confused by the whole process and that the Ordinance does not really do anything and opposed having a leak adjustment at all.</p> <p>Al Barrow commented on the impact of the ordinances and if Golden State would be impacted.</p> <p>Richard Margetson inquired as to what the impact will be and what the cost benefits of doing this was and opposed customers having to pay their bill in full prior to being considered for a leak adjustment.</p> <p>Director Ochylski objected to the sentence that required that the customer must pay the bill in full prior to being considered for a leak adjustment.</p> <p><b>A motion was made by Director Ochylski to amend Section A to remove the third sentence which requires the customer to pay the bill in full prior to being considered for a leak adjustment. The motion was seconded by Director Storm and carried with the following vote:</b></p> <p><b>Ayes: Directors Storm, Baltimore</b>  <b>Nays: Directors Ochylski, Moothart, Wright</b>  <b>Abstain: None</b>  <b>Absent: None</b></p> <p><b>A motion was made by Director Ochylski to amend Section A to add a sentence requiring the customer, prior to being considered for a leak adjustment, to pay an amount equal to the same usage as the previous year or same usage as previous bill if they have not owned the home for a year. The motion was seconded by Director Moothart and carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Moothart, Storm, Baltimore</b>  <b>Nays: Director Wright</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>

AGENDA ITEM	DISCUSSION
<p><b>B. Introduce by Title Only and Consider Ordinance Amending Title 2 of District Code Regarding Leak Adjustment Credits (continued)</b></p>	<p>A motion was made by Vice President Wright to extend the meeting past 10:00 p.m. The motion was seconded by Director Moothart and carried with the following vote:</p> <p><b>Ayes: Directors Wright, Moothart, Ochylski, Storm, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>C. Local Agency Formation Commission Special (LAFCO District Member Nomination)</b></p>	<p>General Manager Kivley gave a brief summary of the staff report as included in the agenda packet.</p> <p>Director Ochylski gave his consent to continue serving as the Special District Member to LAFCO if nominated.</p> <p>Public Comment – None.</p> <p><b>A motion was made by Vice President Wright to direct staff to submit the completed ballot to LAFCO nominating Marshall Ochylski as the Special District Member. The motion was seconded by Director Moothart and carried with the following vote:</b></p> <p><b>Ayes: Directors Wright, Moothart, Ochylski, Storm, Baltimore</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>13. DISCUSSION OF PULLED CONSENT ITEMS</b></p> <p><b>11F. Adopt Resolution Establishing a Reserve Fund in the Wastewater Fund</b></p>	<p>General Manager Kivley reported that according to the auditors these funds should be listed as an investment similar to CDs and LAIF.</p> <p>Public Comment – Al Barrow commented that half the population of the community as renters will be impacted by the wastewater project.</p> <p>Julie Tacker commented that this is a District program and the County does not need to have a say in the program.</p> <p>Richard Margetson commented that the Bay Foundation was involved with this fund and should be included in any meetings with the County and Community Foundation.</p> <p>Linde Owen supported Mr. Barrow's comments concerning renters in the community.</p> <p><b>A motion was made by Director Ochylski to continue this item. The motion was seconded by Director Moothart and carried with the following vote:</b></p> <p><b>Ayes: Directors Ochylski, Moothart, Storm, Baltimore</b>  <b>Nays: Director Wright</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>14. FUTURE AGENDA ITEMS</b></p>	<p>None.</p>
<p><b>15. CLOSING BOARD COMMENTS</b></p>	<p>Director Storm thanked the community for their support during the recent elections.</p> <p>Director Moothart commented on his "Movember" moustache which brings an awareness to men's health.</p> <p>Director Ochylski congratulated the newly elected Board members.</p> <p>Vice President Wright commented on moving forward with the issues facing the District and thanked the Fire Department for a very successful Fire Safety Fair.</p> <p>President Baltimore commented on the "high" fire season and urged the public to be safe. He thanked the community for the high voter turnout and congratulated the newly elected Directors.</p>
<p><b>16. ADJOURNMENT</b></p>	<p>The meeting adjourned at 10:14 p.m.</p>