

**Los Osos Community Services District
Minutes of the Finance Advisory Committee Meeting
February 4, 2019 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 Ochylski called the meeting to order at 5:31 p.m. and led the flag salute.</p> <p><u>Roll Call:</u></p> <p>Lisa Gonzalez, Committee Member – Present Cheri Grimm, Committee Member – Present Bea Jansen, Committee Member – Absent Alyce Thorp, Committee Member – Present Joyce Witt, Committee Member - Absent Marshall Ochylski, Chairperson -- Present</p> <p><u>Staff:</u> Renee Osborne, General Manager (by telephone) Marti Brand, Administrative Clerk</p>	
<p>2. Approve FAC Meeting Minutes of January 8, 2019</p>	<p>Administrative Clerk Brand presented the minutes for Committee approval.</p> <p>Committee Member Grimm commented on two spelling errors.</p> <p>Public Comments – None</p> <p>Committee Member Gonzalez made a motion that the Committee approve the minutes of January 8, 2019, as amended. The motion was seconded by Committee Member Grimm, and the motion carried by unanimous consent.</p>	<p>Action: File approved minutes as amended.</p>
<p>3. Review of Board Item Regarding Approval of Warrant Register for January 2019</p>	<p>General Manager Osborne presented the warrant register for the Committee's review.</p> <p>Committee Member Gonzalez asked about the purpose of checks 28259 and 28266.</p> <p>Chairperson Ochylski responded that the District was involved with litigation, mediation, and a settlement with a former employee.</p> <p>Public Comment – Julie Tacker commented that she had not received the information regarding a working lunch from last month; that the personnel settlement should have been a reportable action; that legal fees incurred for the election issues should be sent to the County for reimbursement. She opposed the Apportionment Services payment.</p> <p>General Manager Osborne responded to Ms. Tacker regarding a lunch hour meeting with the Board President, Board Vice President, District Legal Counsel and herself; that the NBS checks were not part of the Wastewater Bond items, and deferred to Chairperson Ochylski regarding personnel.</p> <p>Chairperson Ochylski responded that the settlement offered to the former employee was not a reportable action until it was accepted and will be discussed with District Counsel at Thursday's Board meeting.</p> <p>Committee Member Grimm made a motion that the Committee recommend that the Board approve the warrant register for January 2019 and to forward any invoices regarding the election to the County. The motion was seconded by Committee Member Gonzalez and passed by unanimous consent.</p>	<p>Action: The Committee recommended that the Board approve the warrant register for period January 2019 and to forward any invoices regarding the election to the County for reimbursement.</p>
<p>4. Review of Board Item Regarding Financial Reports for the Period Ending December 31, 2018</p>	<p>General Manager Osborne provided a brief summary of the report as submitted with the agenda packet.</p>	<p>Action: The Committee recommended that the Board receive and file the financials for the period ending</p>

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	<p>Committee Member Grimm commented that no adjustments had been made to Line Item 7326 and Line Item 6440 and that these accounts were over budget.</p> <p>General Manager Osborne responded that she would confer with Utility Systems Manager Acosta and make the adjustments bringing them to the Board at Thursday's meeting.</p> <p>Public Comments – Richard Margetson commented on legal expenses in Fund 500; requested clarification regarding Revenue Service Charges and Fees in Fund 600 and Fund 800 transfer of Property Tax Revenue.</p> <p>General Manager Osborne responded that the amount for legal fees in Fund 500 is correct, that in Fund 600 the \$25,000 is what was received from the County, and the District is waiting on the remainder of \$19,246.40.</p> <p>Chairperson Ochylski responded that the General Manager would provide clarification regarding the Fund 600 question and that the transfer was made in Fund 800 as the funds were needed to cover those expenditures.</p> <p>Committee Member Gonzalez moved that the Committee recommend that the Board receive and file the financials for the period ending December 31, 2018, with clarifications as noted. The motion was seconded by Committee Member Thorp and carried by unanimous consent.</p>	<p>December 31, 2018, with clarifications as noted.</p>
<p>5. Review of Mid-Year Budget Adjustments for Fiscal Year 2018/2019</p>	<p>General Manager Osborne provided a fund by fund report of the mid-year adjustments as provided in the agenda packet. She reported that after review of Fund 100 the Directors Compensation staff had changed this line item back to \$12,000 and the expenditures had decreased from \$544,322 to \$543,261.57.</p> <p>She reported that the largest cost in Fund 200 would be the decommissioning of the 12 septic tanks that can be paid by the current assessments.</p> <p>She reported that Fund 301 required adjustments from \$2,819,255.50 to \$2,841,755.50.</p> <p>She reported that there were no changes to Fund 400; that Fund 500 had increases for tools required in Capital Improvement Projects from \$2,997,337.80 to \$3,007,787.80; that Fund 600 had increases in expenditures from \$40,857 to \$41,407.55; that Fund 800 had an increase from \$166,336.44 to \$167,686.44 and that the Drainage Reserve will be used to balance the fund.</p> <p>She reported that the Rubber Chip Removal Project Fund 900 had not been budgeted and totaled \$12,134.41, that the Dog Park Project was not in the 2018-2019 budget; placeholder of \$6,000 for the California Environmental Quality Act (CEQA); \$1,300 for estimated legal fees; and, that Fund 900 changed from \$5,935.41 to \$24,798.27 with the Parks and Recreation Reserve used to fund the 2018-2019 budget.</p> <p>Public Comments – Julie Tacker commented that the report does not expense the GM's time for the Low Income Assistance Fund Project; and believes that Fund 900 should reimburse Fund 100 for her time on the Rubber Chip Project. She opposed any funds being used for the Dog Park Project.</p> <p>Richard Margetson commented that property taxes in Fund 500 and Fund 800 Financial Reports and those in the Mid-Year Budget Adjustment report do not match; that the revenues for Fund 500 are tracking above \$100,000.</p>	<p>Action: The Committee recommend that the Board approve the Mid-Year Budget Adjustments with corrections to the discrepancies between the Financial Reports and the Mid-Year Adjustments dating December 31, 2018 and that no adjustment be made for the Dog Park.</p>

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<p>5. Review of Mid-Year Budget Adjustments for Fiscal Year 2018/2019 (continued)</p>	<p>Committee Member Gonzalez made a motion that the Committee recommend that the Board approve the Mid-Year Budget Adjustments with corrections to the discrepancies between the Financial Reports and the Mid-Year Adjustments dating December 31, 2018 and that no adjustment be made for the Dog Park. The motion was seconded by Committee Member Thorp and carried by unanimous consent.</p>	
<p>6. Review of Board Item Regarding Approval of Reconciliation of Water and Drainage Reserves for Fiscal Year 2017/2018</p>	<p>General Manager Osborne provided a summary of the report as provided in the agenda packet and that staff would bring this before the Committee for review at the end of each fiscal year.</p> <p>Public Comments – Julie Tacker commented on the tracking of the Low Income Assistance Fund.</p> <p>Richard Margetson commented on the Capital Outlay Reserves revenue stream and the amount of revenues exceeding expenses in Fund 500.</p> <p>Committee Member Gonzalez responded that the reason the Low Income Assistance is not addressed is that it is an off-budget item.</p> <p>Committee Member Grimm moved that the Committee recommend that the Board approve the transfer of \$32,000 from the Water Stabilization Reserve to the Water Capital Outlay Reserve. The motion was seconded by Committee Member Gonzalez and carried by unanimous consent.</p>	<p>Action: The Committee recommended that the Board approve the transfer of \$32,000 from the Water Stabilization Reserve to Water Capital Outlay Reserve.</p>
<p>7. Discussion Regarding the Los Osos Low Income Assistance Fund Program</p> <p>7. Discussion Regarding the Los Osos Low-Income Assistance Fund Program (continued)</p>	<p>General Manager Osborne presented the report as submitted with the agenda packet. She reported that the Morro Bay National Estuary Program does not want the remainder of the fund returned. She reported that the County continues to assist residents and contacted the District to verify that the program was still accepting qualified applicants. General Manager Osborne asked the Committee to consider extending the program to qualified applicants that need assistance.</p> <p>Public Comments – Director Womack supported the District continuing to accept qualified applicants and to consider rebates for those qualified low-income residents who have hooked up to the sewer system.</p> <p>Linde Owen agreed with holding on to the funds and letting the County qualify potential residents.</p> <p>Julie Tacker commented that the Committee should consider a joint project with stakeholders in the program that would result in clean water for the Bay.</p> <p>Committee Member Thorp made a motion that the Committee recommend that the Board to keep the money available for the Low Income Assistance Fund to remain open for qualified applications and be reviewed when the District is in 100% compliance. The motion was seconded by Committee Member Grimm and carried by unanimous consent.</p>	<p>Action: The Committee recommend that the Board keep the money available for the Low Income Assistance Fund to remain open for qualified applications and be reviewed when the District is in 100% compliance.</p>
<p>8. Public Comments on Items NOT on this Agenda</p>	<p>Julie Tacker commented on the Low Income Assistance Program; the County's changes to the Water Yard Project; the Director's Compensation Plan; the Bayridge Estate Septic Removal Project and the cost of each option.</p> <p>Richard Margetson commented on the Water Yard sprinklers and that UAC should review the timeline that led up to additional expenses.</p>	
<p>9. Schedule Next FAC Meeting</p>	<p>The next meeting of the Finance Advisory Committee is scheduled to be held on Monday, March 4, 2019, at 5:30 p.m. unless otherwise noted.</p>	

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10. Closing Comments by FAC Committee	Committee Member Gonzalez commented that the County frequently changes their decisions.	
11. Adjournment	The meeting Adjourned at 6:52 p.m.	