



Oceano Community Services District

1655 Front Street, P. O. Box 599, Oceano, CA 93445 (805) 481-6730 FAX (805) 481-6886

BOARD MEMBERS

Matthew G. Guerrero, President
Mary K. Lucey, Vice President
Lori Angello, Director
Felma L. Hurdle, Director
Richard P. Searcy, Director

(I) GENERAL MANAGER / SECRETARY TO THE BOARD

Thomas A. Geaslen

OCSD STAFF

CarolAnn Pardo, Secretary
Marie McGrath, Accounting Manager
Dan Silveira, Utility Operations Supervisor

AGENDA

BOARD OF DIRECTORS MEETING

WEDNESDAY, FEBRUARY 8, 2012 – 6:30 P.M.

Oceano Community Service District Board Room
1655 Front Street, Oceano, CA

Additional telephonic location, open to the public

TOWNSHIP SUITES – MARRIOTT

BIRMINGHAM HOMEWOOD

500 WILDWOOD CIRCLE

BIRMINGHAM, AL 35209

ALL ITEMS APPEARING ON THE AGENDA ARE SUBJECT TO BOARD ACTION

All persons desiring to speak on agenda items, during Public Comment or prior to Closed Session, are asked to fill out a "Board Appearance Request Form" to submit to the general manager prior to the start of the meeting. Each individual speaker is limited to a presentation total of a MAXIMUM of three (3) minutes per item.

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **FLAG SALUTE**

4. **AGENDA REVIEW:**

At this time, the Board will review the order of business to be conducted and receive requests for, or make announcements regarding any change(s) in the order of the day. The Board should by motion approve the agenda as presented or as revised.

5. **PUBLIC COMMENTS:**

Comments should be limited to items not on the agenda and those matters that are within the jurisdiction of the District. The Brown Act restricts the Board from taking formal action on matters not published on the agenda. Your comments should be directed to the Board as a whole and not directed to an individual Board Member. In response to your comments, the Board may:

- Direct staff to assist or coordinate with you.
- A Board Member may state a desire to meet with you.
- It may be the desire of the Board to place your issue or matter on a future Board agenda.

6. **BOARD MEMBER COMMENTS ***
7. **REPORTS: ***
 - a. Report of Sheriff's South Station, Commander
 - b. Report of Fire Cities Fire Authority, Acting Fire Chief Riki Heath
 - c. Report of OCSD Operations
 - d. Report of Board of Directors and Outside Committees
8. **REVIEW AND APPROVAL OF MINUTES**
 - a. January 25, 2012
Recommended Action: Board to approve the minutes of the regular Board meeting of January 25, 2012 minutes, as submitted.
9. **CASH DISBURSEMENTS**
Recommended Action: Board approval of cash disbursements as submitted as presented by AM McGrath.
10. **ADMINISTRATIVE ITEMS**
 - a. Discussion and Request Recommendation with Regard to Potential Formation of a Fire Protection District or a Levy for a Fire Suppression Benefit Assessment by the Five Cities Fire Authority.
Recommendation: It is Recommended that the Board of Directors Receive the Staff Report and Discuss the Potential Direction and Recommendation to the Five Cities Fire Authority (Authority) Board with Regard to Formation of a Fire Protection District or a Benefit Assessment in the Three Jurisdictions and Direct Staff to Present these Recommendations at the Next Authority Board Meeting on February 24, 2012.
 - b. Discussion: Oceano Water Rate Correction
 - c. Review: Addendum to the Arroyo Grande Water Contract
 - d. Review: Draft Saltwater Intrusion Letter

ADJOURN TO CLOSED SESSION

11. **CLOSED SESSION: PUBLIC EMPLOYEE APPOINTMENT**
Title: General Manager
12. **UTILITY ITEMS:**
 - a. Will Serve: APN 062-122-011/062-122-099; OCSD PROJ #6444 OWNER/PROJECT: PEPPER TREE INN, INC. / REMODEL
Recommendation: Approve Will Serve as Submitted.
 - b. Fee Letter:
None.

13. **PUBLIC COMMENT** *
14. **BOARD MEMBER DISCUSSION** *
15. **BOARD MEMBER ITEMS FOR THE NEXT BOARD MEETING AGENDA** *
16. **WRITTEN COMMUNICATIONS**
(Correspondence for the Board Received after Preparation of this Agenda is presented by the Staff)

ADJOURNMENT

*Oral Presentation/Discussion

ALL ITEMS APPEARING ON THE AGENDA ARE SUBJECT TO BOARD ACTION

All staff reports or other written documentation, including any supplemental material distributed to a majority of the Board within 72 hours of a regular meeting, relating to each item of business on the agenda are available for public inspection during regular business hours in the Secretary to the Board's office, 1655 Front St, Oceano, CA. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disabilities Act. To make a request for disability-related modification or accommodation, contact the Secretary to the Board's office at 805-481-6730 as soon as possible and at least 48 hours prior to the meeting date.

This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano.

Agenda reports can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org.

**PO Box 599/Oceano, CA 93475
1655 Front Street/Oceano, CA 93445
(805) 481-6730 / FAX (805) 481-6836
www.oceanocsd.org office@oceanocsd.org**

OCEANO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING MINUTES

Oceano

Wednesday

January 25, 2012

1. **CALL TO ORDER**

The meeting was called to order by President Guerrero at 6:30PM.

President Guerrero requested the pictures submitted by Director Angello of the agenda posting in Birmingham, Alabama of the January 25, 2012 Oceano Community Services District Board of Directors be attached to the January 25, 2012 minutes.

2. **ROLL CALL**

Present: President Guerrero, Director Hurdle, Director Searcy, Director Angello, VP Lucey

Absent: None.

Staff Present: Thomas A. Geaslen, (I) General Manager/Secretary to the Board
CarolAnn Pardo, Secretary
Marie McGrath, Accounting Manager
Dan Silveira, Utility Operations Supervisor
Molly Thurmond, District Legal Counsel

Staff Absent: None.

3. **FLAG SALUTE**

President Guerrero led flag salute.

4. **AGENDA REVIEW:**

After public comment, Board discussion, and roll call vote

Ayes: Director Hurdle, Director Searcy, Director Angello, VP Lucey, President Guerrero

Nays: None

Absent: None

the following motion was adopted: to approve the January 25, 2012 agenda with the following item tabled
10. Administrative Items b. Review: Draft Saltwater Intrusion Letter to the next .

5. **PUBLIC COMMENTS:**

Barbara Mann announced the success of the rededication of the Triangle Park by an Eagle Scott.
Jeff Edwards commented on grants.

John Carter commented on the 13th Street flood clean up and provided an example of why water rose so quickly in regards to the use of the emergency pumps.

6. **BOARD MEMBER COMMENTS ***

None.

7. **REPORTS: ***

a. Report of OCSD Operations

IGM Geaslen announced the OCSD server/website/ and a personal computer have been hacked, audit draft letter was handed out to Directors, shared various examples of prior mismanagement issues, thanked staff for traffic control during the flag dedication, 700 Forms are due for all directors, new annual employee performance review, attended annual Management Meeting, working with Zone 1 1/A, restructuring the website, inspecting the flooding, attending the upcoming Zone 3 Management Meeting, and the County has stated the well located at Hayashi maybe monitored.

b. Report of Board of Directors and Outside Committees

VP Lucey attended the Zone 3 and announced that the Bylaws will be reviewed since they are outdated. She requested a meeting with IGM Geaslen to review the Zone 3 budget prior to voting on the budget.

President Guerrero attended the 5 Cities Fire Authority and Sanitation District meetings.

OCEANO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING MINUTES

Oceano

Wednesday

January 25, 2012

8. REVIEW AND APPROVAL OF MINUTES

a. January 11, 2012

After public comment, Board discussion, and roll call vote

Ayes: Director Searcy, VP Lucey, Director Hurdle, President Guerrero,
Director Angello

Nayes: None

Absent: None

Abstain:

the following motion was adopted: to approve the minutes of the regular Board meeting of January 11, 2011 minutes, as submitted.

9. CASH DISBURSEMENTS

After public comment, Board discussion, and roll call vote

Ayes: VP Lucey, Director Angello, Director Hurdle, President Guerrero, Director Searcy

Nayes: None

Absent: None

the following motion was adopted: to approve the cash disbursements as submitted by AM McGrath.

10. ADMINISTRATIVE ITEMS

a. Discussion: 2012 Committee Assignments

After public comment, Board discussion, and roll call vote

Ayes: Director Searcy, VP Lucey, Director Angello, Director Hurdle, President Guerrero,

Nayes: None

Absent: None

the following motion was adopted: to have OCSD Codification Committee to become an Ad Hoc Committee.

After public comment, Board discussion, and roll call vote

Ayes: VP Lucey, Director Angello, Director Hurdle, President Guerrero, Director Searcy

Nayes: None

Absent: None

the following motion was adopted: to approve the OCSD and Outside Committee assignments as reevaluated.

President Guerrero recessed to break at 7:38pm

President Guerrero returned from break at 7:48pm

b. Review: Draft Saltwater Intrusion Letter

After public comment, Board discussion, and roll call vote

Ayes: VP Lucey, Director Angello, Director Hurdle, President Guerrero, Director Searcy

Nayes: None

Absent: None

the following motion was adopted: to table the Draft Saltwater Intrusion Letter to the next Board of Directors meeting.

c. Discussion: Readdress Arroyo Grande Water Contract

IGM Geaslen announced OCSD is in the third year of the five year temporary water contract. Mr. Geaslen recommends that an addendum be added to the Arroyo Grande water contract in regards to banking 100 Acre Feet.

After public comment, Board discussion, and roll call vote

Ayes: Director Searcy, VP Lucey, Director Angello, Director Hurdle, President Guerrero,

Nayes: None

Absent: None

the following motion was adopted: to add an addendum to the Arroyo Grande water contract.

OCEANO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING MINUTES

Oceano

Wednesday

January 25, 2012

- d. Response to IWMA Plastic Bag Ruling
IGM Geaslen and President Guerrero attended the IWMA meeting regarding the Plastic Bag Ruling and updated the public and Board on the outcome of the vote. The Board advised IGM Geaslen to prepare a letter in regards to the vote.
- e. Interim General Manager Employee Contract
The Board unanimously agreed to table item in a previous motion.

President Guerrero adjourned for closed session at 8:21pm.
President Guerrero returned from closed session at 8:53pm.

11. **CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION**
Pursuant to subdivision (c) of Govt. Code Section 54956.9; 2 cases
President Guerrero reported there was so reportable action.
12. **UTILITY ITEMS:**
 - a. Will Serve:
None.
 - b. Fee Letter:
None.
13. **PUBLIC COMMENT ***
None.
14. **BOARD MEMBER DISCUSSION ***
None.
15. **BOARD MEMBER ITEMS FOR THE NEXT BOARD MEETING AGENDA ***
JPA-Special District, Audits, IWMA Letter regarding the vote.
16. **WRITTEN COMMUNICATIONS**
None.

President Guerrero adjourned the meeting at 8:55pm



Oceano Community Services District

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AMOUNT			DATE	FYE
\$34,711.22		REGULAR DISBURSEMENTS THRU	2/7/2012	6/30/2012
\$34,711.22		TOTAL PAYMENTS SUBMITTED		
		FOR APPROVAL		

Agenda Item 02-08-2012 9.

-----ID-----	ITM DATE BANK CODE	-----DESCRIPTION-----	GROSS DISCOUNT	P.O. # G/L ACCOUNT	--ACCOUNT NAME--	DISTRIBUTION
01-1010		ADVANTAGE ANSWERING PLUS, INC				
I-676501252012	1/25/2012 AP	ADVANTAGE ANSWERING PLUS, INC DUE: 1/25/2012 DISC: 1/25/2012 ADVANTAGE ANSWERING PLUS, INC	137.95	1099: N 02 5-4400-110	COMMUNICATIONS	137.95
		=== VENDOR TOTALS ===	137.95			
01-1012		AGP VIDEO INC.				
I-4784	2/03/2012 AP	AGP VIDEO INC. DUE: 2/03/2012 DISC: 2/03/2012 VIDEO BOARD MEETINGS	1,170.00	1099: N 01 5-4100-220	PROFESSIONAL/SP	1,170.00
		=== VENDOR TOTALS ===	1,170.00			
01-1060		BURKE AND PACE				
I-2428897	1/30/2012 AP	BURKE AND PACE DUE: 1/30/2012 DISC: 1/30/2012 LOPEZ METER	24.29	1099: N 02 5-4400-175	SYSTEM PARTS/OP	24.29
		=== VENDOR TOTALS ===	24.29			
01-1042		CALIBER AUDIT & ATTEST, LLP				
I-73252	1/24/2012 AP	CALIBER AUDIT & ATTEST, LLP DUE: 1/24/2012 DISC: 1/24/2012 AUDIT-9/10, 10/11	7,000.00	1099: N 01 5-4100-220	PROFESSIONAL/SP	7,000.00
		=== VENDOR TOTALS ===	7,000.00			
01-1802		ELECSYS INTERNATIONAL CORP				
I-102325	2/02/2012 AP	ELECSYS INTERNATIONAL CORP DUE: 2/02/2012 DISC: 2/02/2012 ELECSYS INTERNATIONAL CORP	163.00	1099: N 02 5-4400-170	MAINTENANCE: EQ	163.00
		=== VENDOR TOTALS ===	163.00			
01-1148		EXECUTIVE JANITORIAL INC.				
I-48768	1/20/2012 AP	EXECUTIVE JANITORIAL INC. DUE: 1/20/2012 DISC: 1/20/2012 MAINTENANCE	175.00	1099: N 01 5-4100-173	MAINT:STRUCTURE	175.00
		=== VENDOR TOTALS ===	175.00			

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 www.NonNewspaperFax.com

-----ID-----	ITM DATE BANK CODE	-----DESCRIPTION-----	GROSS DISCOUNT	P.O. # G/L ACCOUNT	--ACCOUNT NAME--	DISTRIBUTION
01-0019		FELMA HURDLE				
I-201202020398	2/02/2012 AP	FELMA HURDLE DUE: 2/02/2012 DISC: 2/02/2012 BRD-DEC & JAN	300.00	1099: Y 01 5-4100-219	SPECIAL ADM EXP	300.00
		=== VENDOR TOTALS ===	300.00			
01-1150		FERGUSON ENTERPRISES, INC #632				
I-7932660	1/30/2012 AP	FERGUSON ENTERPRISES, INC #63 DUE: 1/30/2012 DISC: 1/30/2012 FERGUSON ENTERPRISES, INC #632	1,867.24	1099: N 02 5-4400-175	SYSTEM PARTS/OP	1,867.24
		=== VENDOR TOTALS ===	1,867.24			
01-1210		HALL, HIEATT & CONNELLY, LLP				
I-26505	2/03/2012 AP	HALL, HIEATT & CONNELLY, LLP DUE: 2/03/2012 DISC: 2/03/2012 HALL, HIEATT & CONNELLY, LLP	2,677.50	1099: Y 01 5-4100-223	LEGAL SERVICES	2,677.50
		=== VENDOR TOTALS ===	2,677.50			
01-1136		J.B. DEWAR, INC.				
I-947296	1/27/2012 AP	J.B. DEWAR, INC. DUE: 1/27/2012 DISC: 1/27/2012 J.B. DEWAR, INC.	163.39	1099: N 02 5-4400-172	GAS AND OIL	163.39
		=== VENDOR TOTALS ===	163.39			
01-1246		KEYLOCK LOCKSMITHS				
I-85700	1/25/2012 AP	KEYLOCK LOCKSMITHS DUE: 1/25/2012 DISC: 1/25/2012 DEADBOLT, KEYS-TOM'S OFFICE	264.91	1099: N 01 5-4100-173	MAINT:STRUCTURE	264.91
		=== VENDOR TOTALS ===	264.91			
01-1250		KNECHT'S PLUMBING & HEATING				
I-32154	1/24/2012 AP	KNECHT'S PLUMBING & HEATING DUE: 1/24/2012 DISC: 1/24/2012 HVAC QTR SERVICE	130.03	1099: N 01 5-4100-170	MAINTENANCE: EQ	130.03
		=== VENDOR TOTALS ===	130.03			

Copy of document found at
 www.NonNewswire.com Fax: (408)

-----ID-----	ITM DATE BANK CODE	-----DESCRIPTION-----	GROSS DISCOUNT	P.O. # G/L ACCOUNT	--ACCOUNT NAME--	DISTRIBUTION
01-1272		LUCEY, MARY K.				
I-201202020397	2/02/2012 AP	LUCEY, MARY K. DUE: 2/02/2012 DISC: 2/02/2012 BRD-OCT, NOV, DEC, & JAN	500.00	1099: Y 01 5-4100-219	SPECIAL ADM EXP	500.00
		=== VENDOR TOTALS ===	500.00			
01-1292		MINER'S ACE HARDWARE, INC.				
I-201202020396	2/02/2012 AP	MINER'S ACE HARDWARE, INC. DUE: 2/02/2012 DISC: 2/02/2012 MINER'S ACE HARDWARE, INC. MINER'S ACE HARDWARE, INC. EARLY PAY DISCOUNT EARLY PAY DISCOUNT	679.29	1099: N 01 5-4100-200 02 5-4400-163 02 5-4400-163 01 5-4100-200	OFFICE EXPENSE MAINT: STRUCTUR MAINT: STRUCTUR OFFICE EXPENSE	310.00 399.41 17.12CR 13.00CR
		=== VENDOR TOTALS ===	679.29			
01-1308		NACCARATI, SHARON M.				
I-0131120CSD	1/31/2012 AP	NACCARATI, SHARON M. DUE: 1/31/2012 DISC: 1/31/2012 NACCARATI, SHARON M.	675.00	1099: Y 01 5-4100-221	DATA PROCESSING	675.00
		=== VENDOR TOTALS ===	675.00			
01-1318		NOBLE SAW, INC				
I-138205	1/19/2012 AP	NOBLE SAW, INC DUE: 1/19/2012 DISC: 1/19/2012 WEED EATER REPAIR	54.62	1099: N 02 5-4400-170	MAINTENANCE: EQ	54.62
		=== VENDOR TOTALS ===	54.62			
01-1340		PACIFIC GAS & ELECTRIC				
I-201202010394	1/30/2012 AP	PACIFIC GAS & ELECTRIC DUE: 1/30/2012 DISC: 1/30/2012 ACCT:6158009002 ACCT:6158009004 ACCT:6158009008 ACCT:6158009014 ACCT:6158009016 ACCT:6158009022 ACCT:6158009026 ACCT:6158009028 ACCT:6158009478 ACCT:6158009351 ACCT:6158009015 ACCT:6158009020 ACCT:6158009030	4,205.98	1099: N 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 01 5-4195-295 02 5-4400-290 03 5-4500-290	STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING STREET LIGHTING UTILITIES UTILITIES UTILITIES	569.73 480.72 236.30 724.79 8.40 79.96 349.82 91.62 82.90 12.70 513.67 286.85 69.03

Copy of document found at www.frontrange.com/Tax.cfm

-----ID-----	ITM DATE BANK CODE	-----DESCRIPTION-----	GROSS DISCOUNT	P.O. # G/L ACCOUNT	--ACCOUNT NAME--	DISTRIBUTION
01-1340	PACIFIC GAS & ELECTRIC	(** CONTINUED **)				
		ACCT:6158009401		01 5-4200-290	UTILITIES	81.65
		ACCT:6158009846		01 5-4200-290	UTILITIES	62.89
		ACCT:6158009939		02 5-4400-290	UTILITIES	554.95
		=== VENDOR TOTALS ===	4,205.98			
01-0027	PETTY CASH					
I-201202030399	2/03/2012	PETTY CASH	105.93			
	AP	DUE: 2/03/2012 DISC: 2/03/2012		1099: N		
		BRD NAME HOLDERS		01 5-4100-200	OFFICE EXPENSE	75.47
		KEYS		02 5-4400-170	MAINTENANCE: EQ	3.23
		LUNCH		01 5-4100-190	MISCELLANEOUS E	27.23
		=== VENDOR TOTALS ===	105.93			
01-1820	POOR RICHAH'S PRESS					
I-226012	2/01/2012	POOR RICHAH'S PRESS	1,586.01			
	AP	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		UTILITY BILLING		02 5-4400-200	OFFICE EXPENSE	1,586.01
		=== VENDOR TOTALS ===	1,586.01			
01-0022	RICHARD SEARCY					
I-201202010393	1/26/2012	RICHARD SEARCY	200.00			
	AP	DUE: 1/26/2012 DISC: 1/26/2012		1099: Y		
		RICHARD SEARCY		01 5-4100-225	ADMINISTRATIVE	200.00
		=== VENDOR TOTALS ===	200.00			
01-1542	RICOH LEASING A PROGRAM OF DE					
I-12495382	1/30/2012	RICOH LEASING A PROGRAM OF DE	218.02			
	AP	DUE: 1/30/2012 DISC: 1/30/2012		1099: N		
		LEASE: RICOH/MPC4501		01 5-4100-241	RENTS/LEASES: E	218.02
		=== VENDOR TOTALS ===	218.02			
01-1488	SSLOCSD					
I-201202010391	2/01/2012	SSLOCSD	11,515.68			
	AP	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		SSLOCSD		03 5-4500-297	PASS-THRU: SSLO	11,515.68
I-201202010392	1/23/2012	SSLOCSD	33.00			
	AP	DUE: 1/23/2012 DISC: 1/23/2012		1099: N		
		SSLOCSD-FOG PROGRAM		03 5-4500-173	MAINT: STRUCTUR	33.00
		=== VENDOR TOTALS ===	11,548.68			

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PACKET: 00208 Direct Payables
VENDOR SET: 01 OCEANO CSD, CA
SEQUENCE : ALPHABETIC
DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----	ITM DATE BANK CODE	-----DESCRIPTION-----	GROSS DISCOUNT	P.O. # G/L ACCOUNT	--ACCOUNT NAME--	DISTRIBUTION
01-1206		VERIZON WIRELESS				
I-1051219004	2/03/2012 AP	VERIZON WIRELESS DUE: 2/03/2012 DISC: 2/03/2012 NEW CELL PHONES NEW CELL PHONES	864.38	1099: N 01 5-4100-110 02 5-4400-110	COMMUNICATIONS COMMUNICATIONS	178.48 685.90
		=== VENDOR TOTALS ===	864.38			
		=== PACKET TOTALS ===	34,711.22			

February 8, 2012

TO: BOARD OF DIRECTORS, OCEANO COMMUNITY SERVICES DISTRICT

FROM: RIKI HEATH, INTERIM FIRE CHIEF - FIVE CITIES FIRE AUTHORITY

**BY: MARTIN D. KOCZANOWICZ, GENERAL COUNSEL –
FIVE CITIES FIRE AUTHORITY**

**SUBJECT: DISCUSSION AND REQUEST RECOMMENDATION WITH REGARD TO
POTENTIAL FORMATION OF A FIRE PROTECTION DISTRICT OR A LEVY
FOR A FIRE SUPPRESSION BENEFIT ASSESSMENT BY THE FIVE CITIES
FIRE AUTHORITY**

BACKGROUND

Several months ago, the Authority Board tasked staff with exploring the possibility of the formation of a Fire Protection District or installation of a Benefit Assessment, both mechanisms directed at further revenue generation necessary for the provision of fire protection services by the Authority. Consistent with the Board's direction, staff has employed the services of consultants in two areas; 1) the actual process (Terrain Consulting, Inc.) and 2) specific legal expertise related to either task (Colantuono & Levine). Under separate cover, staff provided a confidential document from Mr. Colantuono which provides a greater level of analysis on both issues.

The two processes are different and require varied levels of participation from the original jurisdiction. At the January 20, 2012 meeting, the Authority Board directed staff to bring this item to the original jurisdictions for discussion and recommendation. After the individual jurisdictions have the opportunity to review and discuss this item, it will return to the Authority Board for further action.

Below is the summary of the two potential avenues to be considered by the Board of Directors. Staff will be prepared to respond to any questions or provide further information as required.

FORMATION OF A FIRE PROTECTION DISTRICT:

The initial step in formation of a Fire Protection District is either a petition signed by twenty five percent (25%) or more of the registered voters for the proposed district area or an application to the Local Agency Formation Commission ("LAFCO") by each of the jurisdictions. This in turn would require separate actions by the cities of Arroyo Grande, Grover Beach and by the Oceano Community Services District (potentially through the County Board of Supervisors).

Following the adoption of resolutions of application to LAFCO by the jurisdictions, the matter would move before the LAFCO Board for an approval which, depending on the process, may result in a much simplified protest hearing or an election of the residents effected by the district. If the district is proposed to be funded by a special tax, both formation of the district and the proposed special tax may be included in a single ballot; however, a two-third vote would be required for the special tax, which would then also effect the question of the district itself. If no special tax is proposed, a simple majority vote can determine the fruition of the district.

ADOPTION OF A FIRE SUPPRESSION BENEFIT ASSESSMENT:

Another avenue is the pursuit of a Fire Suppression Benefit Assessment which, as a revenue generating activity, is authorized under the Joint Powers Agreement as a function that can be undertaken by the Authority Board. However, it appears a Fire Suppression Benefit Assessment cannot fund paramedic services and related equipment or apparatus. Therefore, an assessment can fund fire suppression services, but not other life-safety services. As proportionality is required between the amount of assessment and the direct benefit derived by each property from those services funded, a detailed analysis needs to be performed and a written engineer's report needs to be obtained to support the amount of the proposed assessment.

If this is the process desired by the Board, the first step would include a resolution ordering an assessment engineer to prepare a written engineer's report which has very specific detailed requirements. Once the report is completed, it needs to be presented to the Board and considered at a noticed public hearing during which another public hearing would be set to consider the proposed assessment needs to be noticed and scheduled. Proposition 218 notice and protest procedures would be applicable to this process and the assessment can be adopted if the ballots submitted before or at the public hearing do not outweigh those in opposition. If a weighted majority favors the Benefit Assessment District, you may impose it.

In conclusion, each process has specific requirements, as well as certain pros and cons that need to be evaluated and discussed by the Board prior to direction being given to staff. Staff will be prepared to respond to any questions or provide further explanations as necessary during the public meeting.

ANALYSIS OF THE ISSUES:

As indicated, there are a number of advantages and disadvantages associated with the formation of a Fire Protection District and the alternative of pursuing a Fire Suppression Benefit Assessment. The Board of Directors should carefully consider several points in providing feedback to the Authority Board and to staff.

The creation of the District with an elected board would remove all of the responsibilities and obligations the Oceano Community Services District (OCSD) currently has as a member of the Authority for services provided by the Authority. Conversely, the OCSD would also be removed from the decision making process associated with the provision of services. Depending on how the financing for the District is structured, it is possible that the formation of the District could limit the amount of funds the City pays to the District for services in the future by guaranteeing a set amount of the General Fund Property Tax to be shared with the District. This arrangement would assist with budgeting in future years.

The Fire Suppression Benefit Assessment would be subject to a Proposition 218 process and, thus, would not need to be scheduled at the same time as a general election. Both current and future fire suppression costs could be included as a part of the assessment and the amount of the assessment could be tied to changes in the Cost of Living index which could limit the need

**BOARD OF DIRECTORS
POTENTIAL FORMATION OF A FIRE PROTECTION DISTRICT OR A LEVY
FEBRUARY 8, 2012
PAGE 3**

to seek additional increases. Proceeding with a fire suppression benefit assessment would require the retention of an engineer, which could prove costly, and a breakdown of the cost of providing suppression services versus emergency medical services would have to be developed.

ALTERNATIVES

The following alternatives are provided for the consideration of the Board of Directors:

- Recommend to the Authority Board to initiate the process for formation of a Fire Protection District;
- Recommend to the Authority Board to initiate the process for imposition of a Fire Suppression Benefit Assessment;
- Recommend to the Authority Board not to pursue either option; or
- Provide other direction to staff.

RECOMMENDED ACTION

It is recommended the Board of Directors receive the staff report and discuss potential direction and recommendation to the Five Cities Fire Authority (Authority) Board with regard to formation of a fire protection district or a benefit assessment in the three jurisdictions and provide direction to the Board of Directors/Fire Board representative to communicate the OCSD's position at the next Authority Board meeting on February 24, 2012.

FISCAL IMPACT

Since the potential action at least at this point in time is a recommendation to the Authority Board, no actual fiscal impact is connected with it. The fiscal impacts related to any of the three potential choices could be discussed when this item returns, though if no action is recommended and followed by the Authority Board, there is a potential for some impacts to each individual jurisdiction.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

Property owners hear pipeline assessment estimates

Figures will change before March balloting

By Mike Hodgson
ASSOCIATE EDITOR

mhdodgson@theadobepress.com

Latest estimates of how much Nipomo Mesa water customers will pay if they approve a supplemental water pipeline assessment district were delivered at two workshops this week.

Although the numbers likely will change, they show Woodlands Mutual Water Co. customers would pay the most, while Golden State Water Co. customers would pay the least.

Nipomo Community Services District representatives delivered the numbers to Woodlands residents

Monday night and to NCSD and Golden State customers Wednesday night.

Rural Water Co. customers heard their figures Jan. 23.

Current estimates indicate Woodlands customers would be assessed a maximum of \$2,700 per benefit unit, which could be paid off in a single lump sum of \$2,200 per unit or in \$225-per-unit annual payments for 30 years.

NCSD customers' maximum assessment would be \$1,800 per benefit unit, with a cash payoff of \$1,500 per unit or annual payments of \$130 per unit.

Rural Water customers would be assessed a maximum of \$1,400 per benefit unit, with a lump sum payment of \$1,100 per unit or annual payments of \$120 per unit.

Golden State customers' maximum assessment would be \$840 per benefit unit,

with a cash payoff of \$700 per unit or annual payments of \$75 per unit.

Property owners learned how many benefit units were assigned to their parcels through letters sent out about three weeks ago.

"The 30-year financed number is very conservatively high using a rate nearly double what a bond sale today would yield, but (the) land-secured bond market remains volatile," said NCSD General Manager Michael LeBrun.

NCSD is proposing to build a pipeline to initially bring 2,500 acre-feet of water to the Mesa from Santa Maria to offset the amount being pumped from the Nipomo Groundwater Basin by the four purveyors.

Of the estimated \$25.2 million project cost, \$2.3 million would be paid with a state grant, with the balance covered

by a bond issue.

The bonds would be repaid with property assessments.

Project opponents say the pipeline will not bring in "new water" because the Nipomo basin is part of the larger Santa Maria Valley Groundwater Basin; the project and the water purchased from Santa Maria will be too expensive; and better alternatives are available.

LeBrun noted the estimated costs per benefit unit likely will change before assessment district ballots are mailed in mid-March.

Property owners have until Thursday, Feb. 16, to request changes in their benefit units. NCSD directors plan to finalize revised assignments Feb. 29.

Ballots would be due in early May.

The amount property owners would pay per benefit unit varies because each

purveyor will fund a different percentage of the project, and purveyors have different numbers and types of customers to share the cost, he said.

Benefit units are assigned to parcels based on a property's size and how much water it could use if fully built out to the level its zoning will allow.

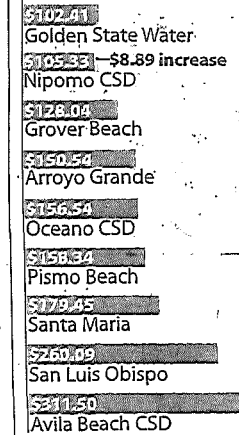
"This can be seen as a share in pipeline capacity," LeBrun said of the benefit units.

Just how much customers' rates will increase also is unknown.

"Actual water use will drive the cost folks pay once we deliver and begin paying for this water," LeBrun said.

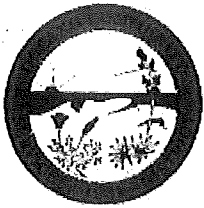
But he said NCSD customers' rates will climb toward the level Santa Maria city customers pay and will become comparable to rates in Arroyo Grande, Grover Beach and Oceano.

Single-family residential bi-monthly water bills



SOURCE: Nipomo Community Services District

This graph shows how much NCSD customers are paying for water, following a Nov. 1 increase, compared to other area residents.



OCEANO COMMUNITY SERVICES DISTRICT

1655 FRONT ST
PO BOX 599
OCEANO, CA 93475

Billing Inquiries: (805) 481-6730
Monday - Friday 8:30 am to 4:30 pm
Please visit us at www.oceanocsd.org



Account Information

ACCOUNT NUMBER :
SERVICE ADDRESS : 1599 14TH ST
SERVICE PERIOD : 11/18/2011 - 01/18/2012
BILL DATE : 01/31/2012
DUE ON : 02/21/2012

Meter Information

Description	Current Reading	Billing Month	Previous Reading	Consumption
WATER	2444	01/2012	2424	20



Special Message

ANNUAL RATE INCREASE REMINDER:
PER ORDINANCE 2011-1
THE APRIL 2012 BILLING WILL REFLECT
MONTHLY WATER INCREASE OF \$1.74.

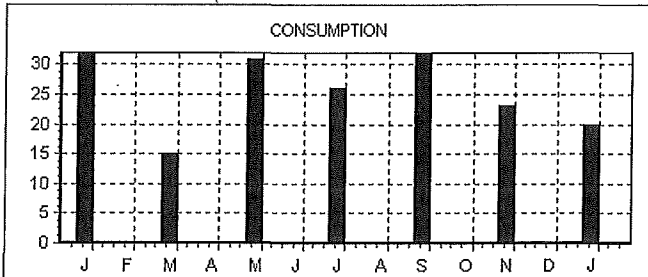
PER ORDINANCE 2011-2
THE OCTOBER 2012 BILLING WILL REFLECT
MONTHLY SEWER INCREASE OF 0.29.

OFFICE WILL BE CLOSED FEBRUARY 20TH
TO OBSERVE PRESIDENT'S DAY.

Current Charges

Cost for 20 units of water Water Rates as of May 1, 2011:	Per Consumption	Cost
WATER USAGE RATE:		
Base First Tier 0-6 units	\$37.74	37.74
Second Tier 7-25 units	\$2.25	31.50
Lopez		22.80
Sewer		18.21
San District		29.72
Total Bi-Monthly Charge		\$139.97

Usage Comparison



1 UNIT = 100 CUBIC FT (HCF) OF WATER 1 HCF = 748 GALLONS

Amount due

Past Due Balance	5.00
Last Payment Received On	12/21/2011
Current Charges	139.97
TOTAL AMOUNT DUE	144.97
DUE ON	02/21/2012
AMOUNT DUE AFTER 02/21/2012	149.97

KEEP THIS PORTION FOR YOUR RECORDS

PAYMENT COUPON

PLEASE RETURN THIS PORTION ALONG WITH YOUR PAYMENT

MAKE PAYMENT TO:

OCEANO COMMUNITY SERVICES DISTRICT

PLEASE CHECK BOX FOR PROPERTY OWNER CHANGES (SEE BACK)

ACCOUNT NUMBER:

SERVICE ADDRESS: 1599 14TH ST
BILL DATE: 01/31/2012
DUE ON: 02/21/2012

CUSTOMER:

DUE AND PAYABLE UPON PRESENTATION

DELINQUENT AFTER DUE DATE

Amount Due

TOTAL AMOUNT DUE	144.97
AMOUNT DUE AFTER 02/21/2012	149.97

Amount Enclosed

\$

OCEANO COMMUNITY SERVICES DISTRICT
PO BOX 599
OCEANO CA 93475-0599



**FIRST AMENDMENT TO
TEMPORARY WATER SUPPLY AGREEMENT
BETWEEN THE CITY OF ARROYO GRANDE AND
THE OCEANO COMMUNITY SERVICES DISTRICT**

This **FIRST AMENDMENT TO THE TEMPORARY WATER SUPPLY AGREEMENT BETWEEN** (hereinafter referred to as the "First Amendment") is made and entered into this _____, of February, 2012, by and between the **CITY OF ARROYO GRANDE** ("City"), a municipal corporation, and the **OCEANO COMMUNITY SERVICES DISTRICT**, (hereinafter referred to as "District").

WHEREAS, the parties entered into a Temporary Water Supply Agreement ("Agreement") dated March 1, 2009 a true and correct copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the parties desire to amend the terms of the Agreement in order to extend the time period allowed for use of the water purchased for the purposes of improving management of the groundwater basin.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agrees as follows:

1. Section 1 of the Agreement is hereby amended in its entirety to read as follows:

1. **DISTRICT DELIVERY OF WATER TO CITY.** District shall provide City with up to one hundred (100) acre feet of water per year for five years. City shall provide District with at least ten (10) days prior written notice of the amount of water it desires each month. City shall have the option of delaying delivery of water for any given year until such time that Lopez surplus water is no longer available by providing notification in writing to District.

2. Section 5 of the Agreement is hereby amended in its entirety to read as follows:

5. **PAYMENT FOR WATER.** Upon receipt of an invoice from the District, City shall pay to District on a bi-monthly basis the incremental cost for one hundred (100) acre feet of water per year based on a rate of 105% of the actual rate paid by District to the County of San Luis Obispo for Lopez Water, whether any or all of the full amount is used, minus \$275 per acre foot of Groundwater used. If the City selects to delay delivery of water, City shall pay to District the incremental cost for one hundred (100) acre feet of water on a rate of 105% of the actual rate paid by District to the County of San Luis Obispo for Lopez Water. When the water is delivered, District shall reimburse City \$275 per acre foot ground water used.

3. Section 6 of the Agreement is hereby amended in its entirety to read as follows:

6. **TERM.** This Agreement shall commence on March 1, 2009 and shall continue in effect for a five (5) year period. If the City selects to delay delivery of water, the Agreement shall automatically be extended for the period necessary to accommodate the delay in water delivery up to a maximum of eight (8) years.

4. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment on the day and year first set forth above.

CITY OF ARROYO GRANDE:

TONY FERRARA
Mayor

Attest:

KELLY WETMORE
Director of Legislative and Information Services/
City Clerk

Approved As To Form:

TIMOTHY J. CARMEL
City Attorney

OCEANO COMMUNITY SERVICES DISTRICT:

LORI ANGELLO
President of the Board of Directors

ATTEST:

THOMAS GEASLEN
District Interim General Manager

APPROVED AS TO FORM:

District Counsel

Tom Geaslen

From: Thurmond, Molly [thurmond@hhc-slo.com]
Sent: Friday, February 03, 2012 2:21 PM
To: Tom Geaslen
Subject: FW: water contract

Hi Tom –

See below re: my comments on the Water Contract Amendment.

Thanks

Molly E. Thurmond, Esq.
Hall, Heatt & Connely, LLP
1319 Marsh Street, Second Floor
San Luis Obispo, CA 93401
(805) 544-3830
thurmond@hhc-slo.com

From: Thurmond, Molly
Sent: Friday, January 27, 2012 3:15 PM
To: Tom Geaslen
Subject: RE: water contract

The Amendment is okay except I do have concerns about Section 6 - extending AG's right for an additional three years (that's how I read it - although perhaps they intended to extend it the full eight years). I think I remember looking at something like this several months ago, and I don't recall an extension of time. And, I did represent to Mary that it was my understanding it would not go beyond the term of the Agreement.

As a fairness matter, if AG wants to extend it's right to purchase water I think it should pay a little bit more for that extension - or, maybe give them a one-year extension to take the water they paid for. On the other hand, it looks like they're paying a higher rate than that called for in the original contract, so maybe that's some additional consideration. (I don't have the original contract so I don't know what the current rate is)

In any event, I think we need to let the Board know about the extension of time, especially since water sale is such a tricky issue here

From: Tom Geaslen [<mailto:ocsdgm@oceanocsd.org>]
Sent: Thu 1/26/2012 4:27 PM
To: Thurmond, Molly
Subject: FW: water contract

Please below.

Tom Geaslen

From: Steve Adams [<mailto:sadams@arroyogrande.org>]
Sent: Thursday, January 26, 2012 11:42 AM
To: Tom Geaslen
Subject: RE: water contract

Tom:

We had already prepared an amendment if you want to use it or provide to your attorney. Originally, it was based on paying the groundwater rate until the water is used. I changed it so we would pay the Lopez rate until it is used, which I figured you would prefer because it would increase the payment amount. Let me know if you have any questions.

Steve

From: Tom Geaslen [<mailto:ocsdgm@oceanocsd.org>]
Sent: Thursday, January 26, 2012 10:33 AM
To: Steve Adams
Cc: Shane Taylor; 'Dan'
Subject: water contract

Steve,

My board revisited our water contract as promised and agreed to addend the contract so you may bank this years 100 acre feet and use between now and when the contract expires. I will be sending an invoice for this years purchase next week. My attorney will draft the addendum and forward that on to you next week as well.

This could not have been done without Shane Taylor's and Dan Silveria's help in breaking down the risks for both sides. They also re-enforced the understanding on the technical side of the contract. Their work together needs to be recognized.

Thanks

Tom Geaslen
OCSD GM



Oceano Community Services District

1655 Front Street, Post Office Box 599

Oceano, California 93445

(805) 481-6730

February 8, 2012

Mark Menicucci
1280 Husted Ave
San Jose, CA. 95125

SUBJECT: APN 062-122-011/062-122-099; OCSD PROJ# 6444
OWNER/PROJECT: PEPPER TREE INN, INC. / RENOVATE EXISTING STORE

Dear Mr. Menicucci:

Oceano Community Services District will serve APN 062,122,011/062,122,099 subject to the following conditions:

1. Obtain valid OCSD and SSLOCSO permits. No fees are due at this time.
2. Show onsite water and sewer services and cleanouts on plot plan.
3. If any of the District facilities are required to be moved, raised, or in any way altered or changed because of required conditions of the District or any other agency having jurisdiction over the proposed development, the owner, developer, contractor, or agent responsible shall bring such facilities up to a minimum District standard of design and access.
4. If District facilities (such as water and/or sewer lines) extend into or across the subject property, you will be required to prepare and submit appropriate easement documents and/or encroachment permits for acceptance by the District's Board of Directors and recording with the County Clerk-Recorder.
5. Service will be subject to compliance with all District rules and regulations including, but not limited to: Fees, inspections, backflow requirements, fire flow requirements and main extensions.
6. All projects will require final inspections by OCSD.

Curbs, gutters and sidewalks may be required pursuant to County Ordinance 22.05.106 at owner's expense.

This will serve letter will expire February 8, 2013 and is nontransferable. The District reserves the right to review service at the time permits are issued. If you have any questions, please contact the office at (805) 481-6730.

Yours truly,
Oceano Community Services District

Thomas Geaslen, Interim General Manager



Commercial Property Investment & Management

January 25, 2012

Oceano Community Services District
P.O. Box 599
Oceano, CA 93475-0599

Subject: WILL SERVE REQUEST FOR SFR; APN 062,122,011/062,122,099
Owner: Pepper Tree Inn, Inc.

Gentlemen:

We are proposing to renovate an existing store structure on our property at APN 062,122,011/062,122,099. It is my understanding that you already have a set of plans for this project. I am requesting a will serve letter for water, sewer, and street lighting services. Please provide an estimate of fees that will be required by OCSD for this project, also.

I have attached a plot plan showing the proposed location for the water and sewer services. Please note that this project is a renovation of an existing building.

I am president of Pepper Tree Inn, Inc. which is the current owner of this property. If not already done, I am in the process of obtaining a Minor Use Permit as required by the County Of San Luis Obispo prior to submittal of plans for Plan Check and issuance of a building permit.

If you have any questions, or need additional information, please call me at 408 476-9025.

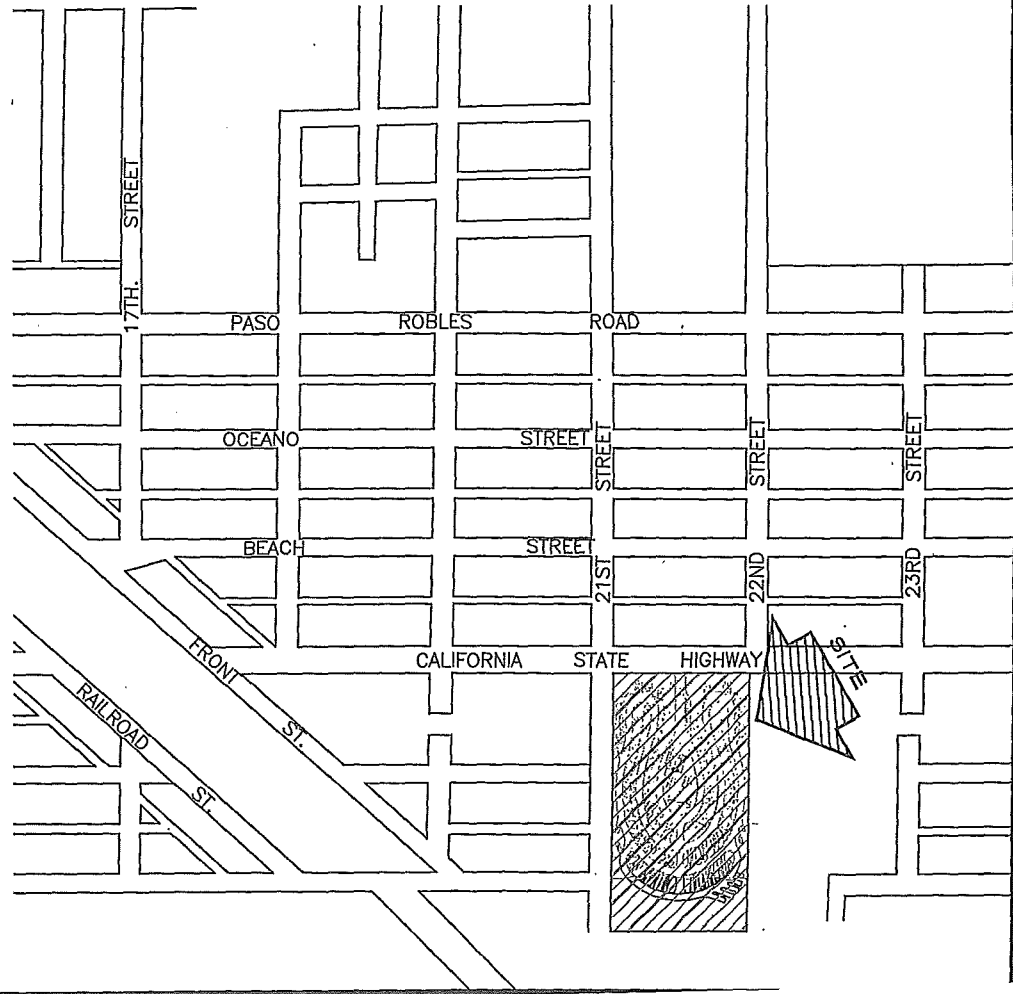
Sincerely,

Mark Menicucci
1280 Husted Ave.
San Jose, CA 95125
markmen@pacbell.net

... THE EASTERLY RIGHT-OF-WAY LINE OF 22ND ST. (FORMERLY 5TH ST.) FORMERLY DESCRIBED AS THE NORTHWESTERLY CORNER OF BLOCK 44 AS SHOWN ON MAP NO. 2 OF THE TOWN OF OCEANO, FILED IN BOOK A, PAGE 148 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE, SOUTH 89°59'53" EAST A DISTANCE OF 479.54 FEET; THENCE, SOUTH 0°00'48" WEST, A DISTANCE OF 945.04 FEET; THENCE, NORTH 89°52'41" WEST, A DISTANCE OF 479.33 FEET; THENCE NORTH FOR A DISTANCE OF 949.04 FEET TO THE POINT OF BEGINNING.

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VICINITY MAP



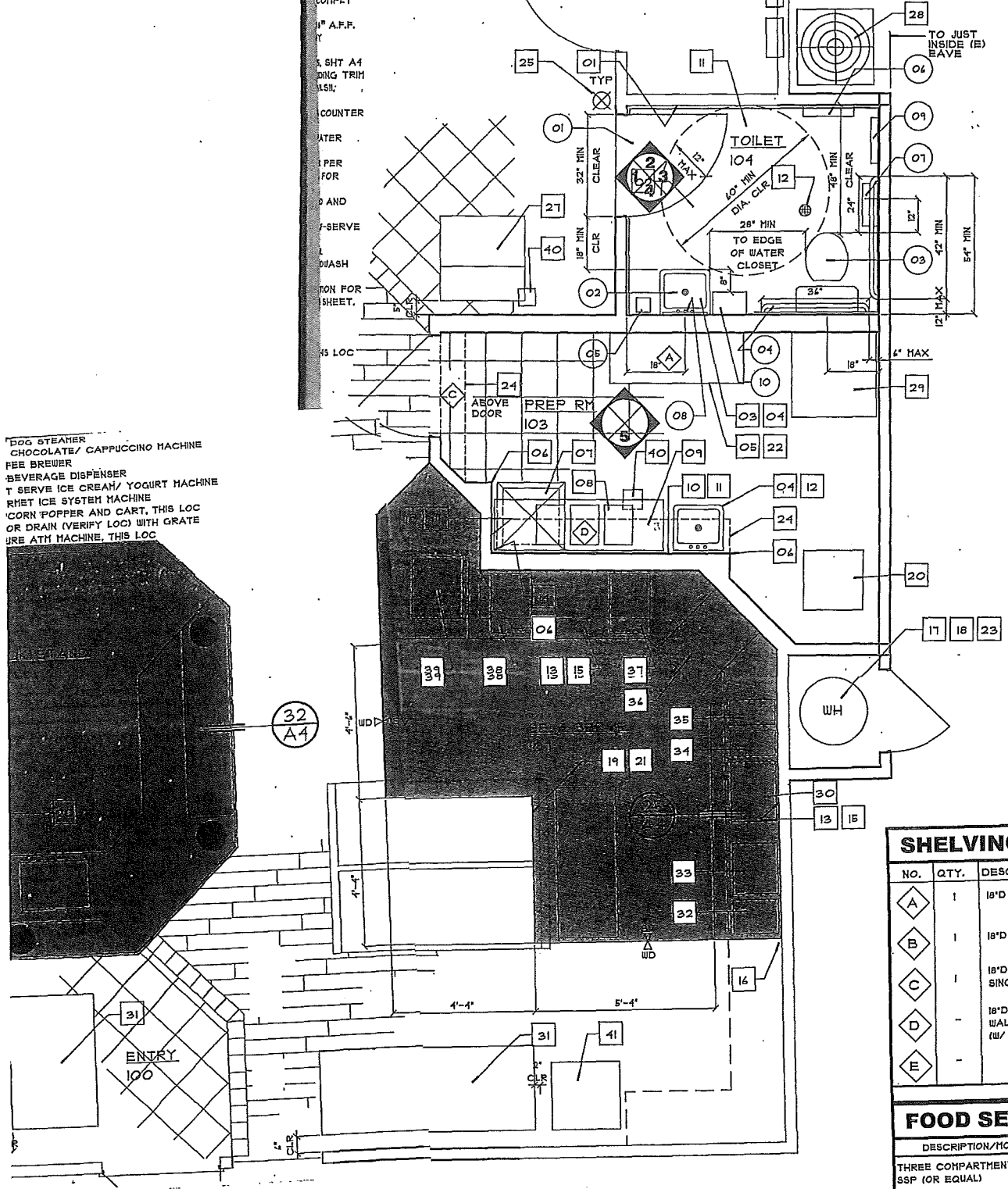
sheet title:

2220 Cienaga St.
DBA Pismo Sands
RV Park

7. REFER TO SITE PLAN FOR SPECIFIC SIDEWALK AND PARKING CONFIGURATION. SITE PLAN CONFIGURATION TAKES PRECEDENCE OVER THIS DRAWING.
8. DRAWINGS SHALL NOT BE SCALED FOR LAYOUT OF MATERIALS, USE WRITTEN DIMENSIONS. G.C. TO VERIFY ALL DIMENSIONS AND REPORT ANY DISCREPANCIES TO THE ARCHITECT OR FIELD ENGINEER BEFORE PROCEEDING TO CONSTRUCTION.
9. G.C. TO PROVIDE FIRE EXTINGUISHERS WITH A RATING OF NOT LESS THAN 2A-10BC TYPICAL OF ID. VERIFY LOCATIONS BY LOCAL FIRE DEPARTMENT.
10. ALL PLUMBING, MECHANICAL & ELECTRICAL REQUIREMENTS FOR EQUIPMENT NOTED IN SCHEDULE AND ON PLAN, SHALL BE INSTALLED BY GENERAL CONTRACTOR. REFER TO PLUMBING, MECHANICAL, ELECTRICAL DSGS. FOR REQUIREMENTS. THIS EQUIPMENT IS SUBJECT TO CHANGE. THEREFORE, GENERAL CONTRACTOR SHALL CONFIRM EQUIPMENT REQUIREMENTS, PLUMBING, MECHANICAL, & ELECTRICAL AT ROUGH-IN STAGE WITH OWNER.

AFF
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 OR DRAIN (VERIFY LOC) WITH GRATE
 URE ATM MACHINE, THIS LOC



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SHELVING C

NO.	QTY.	DESCRIPTION
A	1	18"D x 48"W x 5"
B	1	18"D x 36"W x 5"
C	1	18"D x 48"W x 1" SINGLE WIRE
D	-	18"D x 5'-0" WALL MOUNT (W/ LONG AT
E	-	

FOOD SERVI

DESCRIPTION/MODEL NO.
THREE COMPARTMENT SINK SSP (OR EQUAL)
HAND SINK (WALL MOUNTED) POLAR K1410 C (OR EQUAL)
HOP SINK MUSTEE 44P-PVC 24"x24" (OR EQUAL)

ENCE
 H
ENLARGED FLOOR PLAN
 3/8" = 1'-0"