

CAYUCOS SANITARY DISTRICT
200 Ash Avenue
PO Box 333, Cayucos, CA 93430-0333
805-995-3290

AGENDA NO. 12A
DATE 1/21/2009

GOVERNING BOARD
R. B. Enns, President
R. H. McHale, Vice-President
H. Fones, Director
S. Lyon, Director
M. Foster, Director

REGULAR MEETING
MINUTES
December 17, 2008

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:10 p.m., Wednesday, December 17, 2008.

Board members present: President Robert Enns, Interim Vice-President Bud McHale, Directors Hal Fones and Shirley Lyon. Director Michael Foster arrived shortly after roll call.

Staff present: District Manager Bill Callahan, Administrative Services Officer Bonnie Connelly and Administrative Services Technician Nancy Martin

Visitors present: Karen Shanley (District Financial advisor), Architect Jon McAlpin (Omni Design Group) and Dorothy Fones

Manager Callahan's written report was received, asking Board members to consider an addition to the meeting agenda titled Discussion of District Investments with Consideration to Invest. District financial advisor, Karen Shanley, had asked to be added to the December 17 agenda after the agenda had been posted and the packets dispersed. She indicated changes in the financial market warranted immediate attention of the Board.

MOTION: First by McHale with second by Fones to add the following agenda item: DISCUSSION OF DISTRICT INVESTMENTS WITH CONSIDERATION TO REINVEST (Shanley). VOTE: 5-0

2. SEATING OF NEW BOARD MEMBER MICHAEL FOSTER

President Enns welcomed Director Michael Foster to the Board.

3. PUBLIC COMMENTS

There were no public comments made.

4. CURRENT REPORT ON DISTRICT O&M SHOP PROGRESS WITH JON McALPIN FROM OMNI DESIGN GROUP

Directors McHale and Foster stepped down, citing a conflict of interest due to the proximity of their personal residences to the proposed District O&M shop.

Jon McAlpin reported that after having received authorization to proceed at the Special Meeting on December 3, 2008, the consultants have been given the go ahead, keeping the project on track. He stated electric space heaters will be installed in the shop and heat lamps installed in the bathroom/locker area rather than the proposed radiant floor heating. However, radiant floor heating will be included in Phase 2 of the project. The shop will also have a "wash up" sink and floor drain. McAlpin indicated he will bring sample materials with color choices to the January Board meeting.

Directors McHale and Foster were reseated.

DISCUSSION OF DISTRICT INVESTMENT WITH CONSIDERATION TO REINVEST (Shanley)

Financial Advisor, Karen Shanley (ASC), provided a handout dated 12/17/08 recommending that the Board liquidate the Federated and Dreyfus US Treasury Cash Reserves Mutual Funds holdings of the District's total portfolio from both its Capital Facilities Fund and District Reserve (Investment) Fund Accounts for a combined total of \$1,411,293.00. She reported that her concern was that it appeared the Government's actions of late were resulting in rates being pushed down with prices up excessively and that there was risk for the District's US Treasury Money Market principal to be at risk. She recommended that the District Investment Team of Michael Foster (Director), Bill Callahan (District Manager), and Bonnie Connelly (Administrative Services Officer), purchase Certificates of Deposit (CD's) in a denomination range of \$240,000 to \$245,000 from five to six local banks for a maximum period of 12 months (through December 31, 2009) to maintain eligibility for \$250,000 FDIC insurance.

MOTION: First by McHale with second by Foster to accept Karen Shanley's recommendation and to authorize staff to liquidate approximately \$1,411,293.00 currently held in Federated and Dreyfus US Treasury Cash Reserves Mutual Fund holdings for reinvestment in FDIC Insured Certificates of Deposit (CD's). VOTE: 5-0

5. DISCUSSION OF DISTRICT POLICIES GOVERNING PROPERTY OWNERS RIGHTS AND RESPONSIBILITIES AS TO DISTRICT SEWER EASEMENTS AND ENCROACHMENT PERMIT PROCESS (Callahan)

Manager Callahan's written report was received. In September, a property owner had expressed his dissatisfaction with District policy regarding sewer easements and with the requirement that he obtain an Encroachment Permit for the fence that crosses the easement at the rear of his property. President Enns responded to the letter and met with Manager Callahan to discuss District policy. Callahan stated that there are many encroachments into District easements, some with recorded Grants of License (Encroachment Permits), and others without, in that many people do not know if an easement exists on their property. Staff needs to be able to access District sewer easements in the case of emergencies and the Grant of License establishes consent of the landowner. Although the majority of encroachments are minor (e.g. removable fencing, second story decks) some are more permanent (on one property a portion of the building foundation is over the sewer easement). Vice-President McHale suggested staff notify property owners with sewer easements. Board members suggested considering streamlining the permitting process. President Enns recommended and Director Fones concurred that an ad-hoc committee, consisting of Enns, Director Lyon, Manager Callahan and Officer Connelly, meet to discuss the issue further and report back to the Board.

6. DISCUSSION OF DRAFT ORDINANCE NO. 27 GOVERNING COMMON SEWER LATERALS SERVICING MULTIPLE DWELLING OR BUILDING UNITS

Manager Callahan's written report and "Final Draft" Ordinance No. 27 were received. The "Final Draft" incorporated suggested changes by Board members at the November meeting. However, President Enns remained concerned with some definitions and terminology used in the document and indicated he would like to meet with Manager Callahan before the next meeting. The Item was continued to the January 21 Board meeting.

7. CONSIDERATION TO APPROVE 4TH QUARTER INVOICE (Fiscal Year 2007-2008) FROM THE CITY OF MORRO BAY FOR \$143,963.62 REPRESENTING WASTE-WATER TREATMENT PLANT (WWTP) COST REIMBURSEMENT (Connelly)

Officer Connelly's written report was received. She expressed having difficulty dealing with the Morro Bay City Finance staff regarding her questions on budgetary allocations and had suggestions on how City Finance staff could budget more effectively. Connelly, however, recommended approval of the 4th Quarter Invoice from Morro Bay.

MOTION: First by Fones with second by McHale to approve 4th Quarter FY 07-08 Invoice from the City of Morro Bay for \$143,963.62.

Director Lyon expressed concern with City Finance staffs' accounting practices. President Enns suggested Director Foster meet with Officer Connelly to discuss how to deal with the situation and in turn to meet with the Morro Bay City Administrator as well as Finance staff. Directors Fones and McHale thereafter withdrew the motion. The agenda Item was tabled, to be considered at the January 21 meeting.

8. COMPARISON OF FISCAL YEAR 2007-2008 AUDITED ACTUAL TO FISCAL YEAR 2007-2008 DISTRICT BUDGET (Connelly)

Officer Connelly's written report was received. She reported the year went well, due mainly to OES/FEMA receipts being greater than anticipated and that expenses, capital outlays and capital improvement projects were less due to deferral of projects and equipment purchases. Additionally, rather than securing a loan to purchase property for a maintenance garage/shop, the District is constructing a shop on the same parcel as the District business office.

9. COMPARISON OF FISCAL YEAR 2007-2008 AUDITED ACTUAL TO FISCAL YEAR 2007-2008 "DRAFT REVENUE PROGRAM" PROJECTIONS (Connelly)

Officer Connelly's written report was received. Her report showed, without using projected and actual FEMA/OES figures, that actual residual revenue for Fiscal Year 2007-2008 was \$100,000 greater than "Draft Revenue Program" projections for the same Fiscal Year.

10. REPORT ON RESULTS OF REGIONAL WATER QUALITY CONTROL BOARD PUBLIC HEARING FOR THE REISSUANCE OF A MODIFIED DISCHARGE PERMIT FOR THE MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT (Callahan)

Manager Callahan's written report was received. He reported that the Regional Water Quality Control Board unanimously approved the Modified Discharge Permit for the Wastewater Treatment Plant at the Public Hearing on December 4, 2008. The California Coastal Commission must ultimately approve the Permit. That meeting is scheduled for January 7-9, 2009, in Oceanside. Callahan will be attending.

11. ELECTION OF DISTRICT OFFICERS FOR 2009

MOTION: First by Fones with second by Lyon to retain Director Robert B. Enns as President for the calendar year 2009. VOTE: 5-0

MOTION: First by Fones with second by Lyon for Director Richard H. McHale to fill the office of Vice-President for the calendar year 2009. VOTE: 5-0

12. CONSIDERATION TO ASSIGN NEW DISTRICT COMMITTEE ASSIGNMENTS FOR 2009

District Committee assignments for 2009 are as follows:

- BUDGET & FINANCE COMMITTEE: President Enns, Director Foster
- PERSONNEL COMMITTEE: Director Lyon, Director McHale
- O&M TECHNICAL COMMITTEE: President Enns, Director Fones
- CIP COMMITTEE: Director Fones, Director Foster
- INVESTMENT COMMITTEE: Director Foster
- WWTP (JPA) COMMITTEE: President Enns, Director Lyon
- SAFETY COMMITTEE: Director Lyon

13. STAFF COMMUNICATIONS AND INFORMATION ITEMS (NO ACTION REQUIRED):

A. District Manager's Report (Callahan) – November 2008

Manager Callahan's written report was received. He also included a copy of the SLO County draft Biosolids Ordinance with a response from Bruce Keogh, Manager, Morro Bay/Cayucos Wastewater Treatment Plant. President Enns, who indicated he advocates a regional plan to handling biosolids, provided Board members with copies of a letter Lynn Enns, SLO County Health Commission Chair,

submitted to the Environmental Health Division asking for additional analysis of environmental impacts of sewage sludge applications before consideration of a permanent ordinance.

B. Administrative Services Officer's Report (Connelly) – November 2008

Officer Connelly's written report was received. The Board commended Connelly on her budget projections and comparison against actual.

C. Operations and Maintenance Report – November 2008

Maintenance Tech. Zevely's written report was received. President Enns reported he met with Manager Callahan to discuss the Lift Station 2 Basin Flow Study. He pointed out that by reducing inflow and infiltration (I&I) during rain events, total flow to the Wastewater Treatment Plant will be reduced, ultimately reducing the District's portion of costs for the upgrade.

14. CONSENT CALENDAR

A. Minutes of Regular Board Meeting of November 19, 2008

B. Approval to Pay Outstanding Bills as of December 17, 2008

MOTION: First by McHale with second by Lyon to approve the Consent Calendar in its entirety.
VOTE: 5-0

15. BOARD MEMBER COMMENTS

Director Lyon announced the Cayucos Lions & Lionesses Scholarship Fundraiser January 18, 2009, 4-7 p.m., Cayucos Vets' Hall

16. MEETINGS, CONFERENCES, AND SEMINARS:

A. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting, Date: **TBD**, Hosted by Morro Bay, Location: **TBD**, 6 p.m.

17. SCHEDULE AGENDA ITEMS FOR THE JANUARY 21, 2009 BOARD MEETING

- Consideration of 4th Quarter Invoice from Morro Bay
- Lift Station 2 Basin Flow Study update
- Discussion of District Sewer Easements and the Encroachment Permit process
- Discussion of District Ordinance 27
- O&M Garage/Shop Project update

18. ADJOURNMENT

The meeting adjourned at 8:26 p.m. by consensus of the Board.

Minutes recorded by *Nancy Martin*
Nancy Martin, Admin Services Tech.