

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

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

REGULAR MEETING  
MINUTES  
June 17, 2009

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:05 p.m., Wednesday, June 17, 2009.

Board members present: President Robert Enns, Vice-President Bud McHale, Director Shirley Lyon and Director Michael Foster

Board members absent: Director Hal Fones

Staff present: District Manager Bill Callahan, Administrative Services Officer Lewis Brookins and Administrative Services Technician Nancy Martin

Consultants present: Karen Shanley, District Financial Advisor

2. PUBLIC COMMENTS

There were no public comments received.

3. DISCUSSION OF DISTRICT FINANCES AND INVESTMENTS WITH  
CONSIDERATION FOR REINVESTMENT (Shanley)

District Financial Advisor, Karen Shanley, provided Board members with a brief overview of current principal and income from District investments. She recommended moving funds to the US Treasury Money Market (MM) as investments mature or are called. The FDIC MM only insures holdings up to \$1M; she asked the Board to consider other options available to maximize investment returns and insure safety of those investments - a CD Account Registry Program (for up to 30% of total District assets) and a Treasury and Government only money manager service. Director Foster proposed moving idle reserves over \$900,000 to the US Treasury MM. Shanley recommended meeting with the Investment Committee (Enns, Foster committee members) one or two times prior to the September monthly Board meeting.

MOTION: First by McHale with second by Lyon to give Financial Advisor Shanley the authority to move FDIC MM reserves, whenever in excess of \$900,000, to the US Treasury MM.

VOTE: 5-0

4. ADDITION OF NEW ADMINISTRATIVE SERVICES OFFICER, LEWIS BROOKINS, AND REMOVAL OF PREVIOUS ADMINISTRATIVE SERVICES OFFICER, BONNIE CONNELLY, TO CAYUCOS SANITARY DISTRICT LIST OF AUTHORIZED SIGNERS

MOTION: First by McHale with second by Lyon to add Lewis Brookins, Administrative Services Officer, Clerk of the Board and Board Secretary of the Cayucos Sanitary District, to the list of authorized signers for all District accounts and activities, including banking, investing, debt, debt service, contracting and any other capacity to fulfill the operations and legal compliance of the District, and to remove Bonnie Connelly from the list of authorized signers.

VOTE: 4-0

5. CURRENT REPORT ON DISTRICT O&M SHOP PROGRESS

Directors McHale and Foster have a standing conflict of interest due to the proximity of their personal residences to the proposed District O&M shop.

Manager Callahan gave a brief update on the O&M Shop project, reporting that the County-required sidewalk improvements have caused a one month delay in the project timeline.

Directors McHale and Foster were reseated.

6. REVIEW AND CONSIDERATION TO APPROVE DISTRICT BUDGET AND CAPITAL IMPROVEMENT PROPOSALS FOR 2009-2010 FISCAL YEAR

A. PROPOSED BUDGET

Manager Callahan's and Officer Brookin's reports were received. Director Foster also provided Board members with a handout he prepared showing salary increases from 2006 to 2010. Foster expressed concern with rising payroll costs and proposed freezing salaries at their current rate; to be examined mid-way through FY 2009-2010. He also recommended deferring equity adjustments for at least six months. President Enns suggested pulling all personnel related line items from the proposed FY 2009-2010 budget and passing the rest of the budget.

MOTION: First by McHale with second by Lyon to pull FY 2009-2010 Budget line items 26 through 34, 39, 40, 89 and 90, and to approve the proposed Budget, as revised. VOTE: 4-0

B. PROPOSED CAPITAL IMPROVEMENT PROJECTIONS

Manager Callahan's written report, which included Budget Committee (Enns, Foster committee members) recommendations from the June 8 committee meeting, was received. Capital Project #3, the District O&M Garage, was pulled because of Vice-President McHale's and Director Foster's standing conflict of interest. Budget Committee recommendations included deferral of the Lift Station #5 Equalization Basin Project until acquisition of land is established. The Trailer Mounted Sewer Jetter purchase was undecided; Director Foster, however, felt the purchase was worth the investment and recommended Manager Callahan make the decision. Board members concurred. Project #8, a New District Crane Truck, was put on hold; the Budget Committee recommended allocating funds from the Operating Contingency Reserve for continued maintenance of the existing trucks.

MOTION: First by McHale with second by Foster to pull Capital Project #3, District O&M Garage, and approve the remainder of the proposed Capital Improvement and Special Project/Equipment Proposal 2009-2010 per committee recommendations. VOTE: 4-0

7. STAFF COMMUNICATIONS AND INFORMATION ITEMS (no action required):  
Board members expressed their appreciation of all the work former Administrative Services Officer Connelly provided.

Director Foster requested inclusion of periodic (quarterly) financial statements as part of Financial Reports, and indicated he would like to meet with Officer Brookins and Manager Callahan to further discuss.

8. CONSENT CALENDAR

- A. Minutes of Personnel Committee Meeting of May 5, 2009
- B. Minutes of Special Board Meeting of May 11, 2009
- C. Minutes of Regular Board Meeting of May 20, 2009
- D. Approval to Pay Outstanding Bills as of May 20, 2009

It was pointed out that item 8D lists the date as May 20, 2009. The correct date is June 17, 2009.

MOTION: First by Lyon with second by Foster to approve the Consent Calendar, as revised.

VOTE: 4-0

9. BOARD MEMBER COMMENTS

There were no comments.

10. MEETINGS, CONFERENCES AND SEMINARS

- Staff was directed to arrange a WWTP (JPA) Technical Committee meeting.
- A Special Board meeting was set up tentatively for June 24, 5:00 p.m. to discuss personnel costs.

11. SCHEDULE AGENDA ITEMS FOR THE JULY 15, 2009 MEETING

President Enns announced closed session at 9:00 p.m.

**CLOSED SESSION:**

- 12. CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government code Section 54957.6 (a) Agency Designated Representative: District Manager, Unrepresented: All 6 District Employees

**RECONVENE TO OPEN SESSION:**

- 13. ANNOUNCE ACTIONS TAKEN IN CLOSED SESSION

There was no action to report.

14. ADJOURNMENT

The meeting adjourned at 9:20 p.m.

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