

CAYUCOS SANITARY DISTRICT
200 Ash Avenue
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805-995-3290

AGENDA NO. 13A
DATE 9/17/2008

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

REGULAR MEETING
MINUTES
August 20, 2008

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:02 p.m., Wednesday, August 20, 2008.

Board members present: President Robert B. Enns, Vice-President Nat Raimondo, and Directors Hal Fones, Shirley Lyon and Bud McHale

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

Visitors present: Karen Shanley (District Financial Advisor), Jon McAlpin (Architect, Omni Design Group) and Audrey Wermers (Omni Design Group)

2. PUBLIC COMMENTS

There were no public comments made.

3. A. DISCUSSION OF DISTRICT FINANCES WITH CONSIDERATION TO REINVEST

Karen Shanley, District Financial Advisor, provided a handout recapping District reserves. At the June 18 Board meeting she was given direction to invest \$1,500,000.00 in District idle reserves, \$500,000.00 in each of three short term US Treasury Bills. Shanley reported that two investments were made, one Treasury Bill maturing 12/18/08 and another 06/04/09. However, \$500,000.00 was not invested and she recommended the Board re-authorize that amount for a new short term US Treasury Bill, adding that Treasuries are still the safest investment.

MOTION: First by McHale with second by Lyon to extend authorization for six months to Shanley to invest \$500,000.00 in a short term US Treasury Bill. VOTE: 5-0

It was the consensus of Board members to address agenda Item No. 4 before Item 3B.

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

Director McHale stepped down, citing a conflict of interest due to the proximity of his personal residence to the proposed District O&M shop.

Mr. McAlpin introduced associate Audrey Wermers who provided a 3-D depiction of the proposed project for the Board's review. McAlpin also included a color perspective view of the project as well as an updated timeline showing six months of planning and permitting, and nine months of construction. He estimates project costs at \$65.00/ft², with the first phase, the O&M shop, costing between \$275,000 and \$300,000, and an additional \$200,000 to \$250,000 to complete all three phases. He added that an annual 3% increase in cost could be expected. In anticipation of approximately six months at the planning and permitting stage, he recommends obtaining a Minor

Use Permit that includes all project phases, of scheduling a pre-application meeting with County Planning personnel, and of presenting the proposed project at the Cayucos Advisory Council meeting September 2, if possible.

Director McHale was reseated.

3. B. FISCAL YEAR 2007-2008 REVIEW OF DISTRICT INVESTMENT POLICY

Officer Connelly's written report was received along with the revised "draft" District FY 07-08 Investment Policy. She reported that the roles and responsibilities of the Investment Team were revised and the Reserve Policy updated as June 30, 2007, but that core policy remained intact. She reported that Karen Shanley (District Investment Advisor) and Vice-President Raimondo (Board Member-Financial Liaison) had both reviewed and provided input.

MOTION: First by McHale with second by Lyon to acknowledge review and acceptance of the District Investment Policy for FY 07-08 per Officer Connelly's recommendation. VOTE: 5-0

1. REVIEW AND DISCUSSION OF IMPLEMENTING "DRAFT" SEWER LATERAL REIMBURSEMENT PROGRAM FOR SEWER LATERAL REPAIR AND REPLACEMENT

President Enns stepped down, citing a conflict of interest over lateral ownership and maintenance based on economic interest. Vice-President Raimondo presided in his absence.

The Board gave Manager Callahan direction to draw up a "draft" lateral reimbursement program at the July 16 meeting. His written report and "draft" Pilot Program were received. Although Directors McHale and Lyon were both in favor of the rebate program, Vice-President Raimondo and Director Fones were not.

MOTION: First by McHale with second by Lyon to approve implementation of the Sewer Lateral Reimbursement Program for sewer lateral repair and replacement. VOTE: 2-2 (The motion did not carry)

President Enns was reseated.

2. DISCUSSION OF CITY OF MORRO BAY SPACE NEEDS ASSESSMENT REPORT

Manager Callahan's written report and color copies of Morro Bay's power point presentation of the Space Needs Assessment Report (four options) were received. He also provided a handout from Morro Bay of a revised Option #3, the preferred option of the City, which would allow, among other things, continued operation of the existing concrete plant and increase the treatment plant site to accommodate new oxidation ditches. Callahan recommended Option #2, which places the oxidation ditches on jointly owned property, as the preferred option for the District. Board members discussed the pros and cons of the different options, of consolidating the properties to ensure room to expand the plant, and ultimately not giving up any percentage of ownership of jointly owned parcels or treatment plant. President Enns asked the item, Capital Improvement Projects, to be included on the agenda of the September 4 Morro Bay/Cayucos JPA Wastewater Treatment Plant Joint Meeting.

7. CONSIDERATION TO ADOPT DISTRICT FINANCIAL POLICIES:

Officer Connelly's revised documents were received. She reported District Counsel, Tim Carmel, had reviewed and approved both.

A. FINANCIAL MANAGEMENT AND CAPITAL PROGRAM POLICY

MOTION: First by McHale with second by Raimondo to approve Financial Management and Capital Program Policy as revised. VOTE: 5-0

B. INTERNAL CASH CONTROL AND FRAUD POLICY

MOTION: First by Raimondo with second by McHale to approve Internal Cash Control and Fraud Policy as revised, increasing the maximum amount of Petty Cash Fund to \$250.00 and limiting transactions to less than \$100.00. VOTE: 5-0

8. STAFF COMMUNICATIONS AND INFORMATION ITEMS (NO ACTION REQUIRED)

A. District Manager's Report – July 2008

Manager Callahan's written report was received.

B. Administrative Services Officer's Report – July 2008

Officer Connelly's written report was received. Director McHale recommended scheduling a Personnel Committee (McHale & Lyon committee members) in the next month to address Officer Connelly's eventual retirement. Connelly was amenable to such meeting.

C. Operations and Maintenance Report – July 2008

President Enns asked that the monthly flow report included in the Operations and Maintenance Report show what percentage of total flow at the Wastewater Treatment Plant is attributed to Cayucos flow.

9. CONSENT CALENDAR

A. Minutes of Regular Board Meeting of July 16, 2008

B. Approval to Pay Outstanding Bills as of August 20, 2008

C. Certificates of Posting:

1. Resolution No. 2008-3 Confirming Report of District Clerk Relative to Unpaid Sewer Charges and Levying Assessments
2. Resolution No. 2008-4 Confirming Report of District Clerk Relative to Unpaid Solid Waste Disposal and Levying Assessments
3. Resolution No. 2008-7 Confirming Report of District Clerk Requesting Their Biennial Election to be Consolidated with the November 4, 2008 General Election

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

10. BOARD MEMBER COMMENTS

Director McHale reported he met with Manager Callahan for Callahan's performance evaluation and that goals are being met. Callahan is doing his job well.

11. MEETINGS, CONFERENCES AND SEMINARS

Morro Bay/Cayucos Wastewater Treatment Plant (JPA) Meeting, Thursday, September 4, 2008, hosted by Cayucos, Location: Cayucos Veterans' Hall, 6:00 p.m.

12. SCHEDULE AGENDA ITEMS FOR THE SEPTEMBER 17, 2008 BOARD MEETING

- District O&M Shop Project

13. ADJOURNMENT

MOTION: First by Lyon with second by McHale to adjourn the meeting at 8:35 p.m. VOTE: 5-0

Minutes recorded by:



Nancy Martin, Administrative Services Tech.