

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

SPECIAL MEETING
MINUTES
SEPTEMBER 16, 2009

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:30 p.m., Wednesday, September 16, 2009.

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

Staff present: District Manager Bill Callahan, Administrative Services Officer (ASO) Lewis Brookins, Administrative Services Technician Nancy Martin, and Wastewater Collection Worker Robert Tennent

Visitors present: Karen Shanley (District Investment Advisor), Architect Jon McAlpin and Brad Arnott

2. PUBLIC COMMENTS

Robert Tennent (Lead Wastewater Collection Worker) asked Board members to reconsider their decision to freeze District employees' salaries. President Enns thanked him for his input.

3. ANNOUNCEMENT OF CLOSED SESSION ITEMS

President Enns announced Closed Session at 5:35 p.m.

CLOSED SESSION:

4. 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:

The meeting reconvened to Open Session at 6:10 p.m.

5. ANNOUNCE ACTIONS TAKEN IN CLOSED SESSION

There was no action to report.

6. PUBLIC COMMENT

There were no Public Comments.

7. DISCUSSION OF CURRENT DISTRICT INVESTMENTS WITH KAREN SHANLEY AND ASSOCIATES WITH CONSIDERATION TO REINVEST

Karen Shanley, District Investment Advisor, provided Board members with an overview of current investment accounts, pointing out there has not been much change for the last several months. Discussion of market uncertainties followed.

8. REVIEW OF DISTRICT INVESTMENT POLICY WITH CONSIDERATION TO APPROVE CHANGES

The California Government Code requires the District to review its Investment Policy annually and to acknowledge such review and approve any changes. ASO Brookins reported that Investment Advisor Shanley reviewed and provided revisions to the document, mainly in additions to the glossary, which are reflected in redline and strikeout. Director Foster suggested eliminating the inclusion of Karen Shanley and Associates, Inc. in the definition of Registered Investment Advisors, as the document is policy, not a contract. President Enns recommended District Counsel review the Investment Policy and offer his opinion of whether it should be generic or not.

9. CONSIDERATION TO REINVEST MATURING CERTIFICATES OF DEPOSIT

ASO Brookin's written report was received. Three of the five Certificates of Deposit purchased in December 2008 will mature at the end of September, the other two in December. He recommended reinvesting each for terms of not more than 12 months. Shanley concurred. District investment policy and regulatory codes stipulate that Certificates of Deposit (CD's) cannot comprise more than 30% of total assets. Director Foster suggested District Counsel Tim Carmel examine policy governing limits and if there is flexibility in the percentage of CD's allowable.

MOTION: First by McHale with second by Lyon to reinvest the five maturing Certificates of Deposit, as recommended, for terms not to exceed 12 months each. MOTION: 5-0

10. STATUS REPORT ON DISTRICT OPERATIONS AND MAINTENANCE GARAGE PROJECT

Architect Jon McAlpin provided a verbal update on the project. Plan Check has been completed and the County is waiting for dedication of a pedestrian access easement from the District, after which the County will design the handicap ramp.

11. CONSIDERATION TO DEDICATE A PEDESTRIAN ACCESS EASEMENT TO THE COUNTY OF SAN LUIS OBISPO AS A REQUIREMENT OF PUBLIC IMPROVEMENT CONSTRUCTION FOR THE DISTRICT O&M GARAGE PROJECT: REVIEW OF SAMPLE RESOLUTIONS

A. RESOLUTION NO. 2009-5

B. RESOLUTION NO. 2009-6

At the August meeting, Board members were reluctant to dedicate the 4-foot easement prior to seeing a final plan for the curb/ramp construction and directed Manager Callahan to forward the County's request to District Counsel Carmel for his review. Carmel replied that such requests are not uncommon and that the County has legal authority to make them. Board members were also concerned that the final plan might not require the use of District property, and that dedicating the easement would be unnecessary. Callahan presented two resolutions for the Board's consideration; Resolution No. 2009-5, which grants an irrevocable easement, and

Resolution No. 2009-6, which offers it only as a condition of the county requiring this property as part of their design and construction efforts.

MOTION: First by McHale with second by Lyon to agree conceptually to dedicate a Pedestrian Access Easement to the County if the Pedestrian Access Easement can be constructed within the existing sidewalk footprint, and directing staff to bring back a resolution for their approval that reflects that requirement. VOTE: Enns (yes), McHale (yes), Fones (abstain), Lyon (yes), Foster (yes)

12. REPORT ON REVIEW OF DISTRICT COMMERCIAL ACCOUNT CHARGES

ASO Brookins's written report was received. He reviewed and provided analysis of the 2003 Wallace sewer rate study and methods used for determining sewer rates of commercial accounts in addition to water usage. Sea Esta Motel owner, Brad Arnott, asked Board members to reconsider billing rates for local hotels and motels. He reported his water use is low and the motel units are very small. President Enns set up an ad hoc committee (Lyon and Foster, committee members) to meet with staff to further review and discuss District commercial billing rates and policy. Staff will, in turn, meet with Mr. Arnott for discussion of his concerns.

Director Foster left at 7:55 p.m.

13. CONSIDERATION TO ADOPT SANITARY SEWER MANAGEMENT PLAN (SSMP) ELEMENT NO. 3: LEGAL AUTHORITY, AND NO. 4: OPERATIONS AND MAINTENANCE

Manager Callahan's written report was received. The State Water Resources Control Board (SWRCB) has mandated District regulation under General Waste Discharge Requirements (WDR), which includes development of a Sanitary Sewer Management Plan (SSMP). Callahan asked Board members to review and adopt Element Nos. 3 and 4. President Enns suggested District Counsel review and offer any modifications.

MOTION: First by McHale with second by Fones to adopt Sanitary Sewer Management Plan Element No. 3: Legal Authority, and No. 4: Operations and Maintenance per District Counsel's review. VOTE: 4-0

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

A. District Manager's Report (Callahan) – August 2009

Manager Callahan's written report was received.

B. Administrative Services Officer's Report (Brookins) – August 2009

ASO Brookin's written report was received. He reported he attended a Webinar for securitization of property tax revenue (\$46,000) due the District but borrowed by the State from the suspension of Prop 1A. The State will reimburse the funds in two payments in the spring of 2010.

F. Financial Status Reports (Brookins)

Director Foster asked to meet with ASO Brookins to discuss and consider revisions to financial reports prepared for each monthly Board meeting.

15. CONSENT CALENDAR

A. Minutes of Regular Board Meeting of August 19, 2009

B. Approval to pay outstanding bills as of September 16, 2009

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

VOTE: 4-0

16. BOARD MEMBER COMMENTS

Vice-President McHale asked Manager Callahan to relate to employees that the Board of Directors has not denied, but delayed, Equity Adjustments, COLAs and Merit Increases.

17. MEETINGS, CONFERENCES AND SEMINARS:

A. Morro Bay/Cayucos Wastewater Treatment Plant (JPA) Meeting, Date: November 4, 2009, Hosted by Morro Bay, Location: TBD, Time: 6:00 p.m.

18. SCHEDULE AGENDA ITEMS FOR THE OCTOBER 21, 2009 BOARD MEETING

- Review and approve Investment Policy for FY 09/10
- Consider Pedestrian Access Easement
- Review Commercial Sewer Rates

19. ADJOURNMENT

The meeting was adjourned at 8:45 p.m.

Minutes recorded by: _____

Nancy Martin