

CAYUCOS SANITARY DISTRICT
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GOVERNING BOARD

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

MINUTES
REGULAR MEETING
January 17, 2007

OPEN SESSION:

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:05 p.m., Monday, November 6, 2006.

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

Board members absent: None

Staff present: Manager Bonnie Connelly, O&M Supervisor Bill Callahan and District Counsel Tim Carmel

Visitors Present: Mr. Wisberg and Dorothy Fones

2. PUBLIC COMMENTS

There were no public comments received.

3. FY 2005-2006 DISTRICT FINANCIAL AUDIT:

A. PRESENTATION OF AUDIT BY MOSS, LEVY, HARTZHEIM,, CPAs: Representative, Ryan Cornell, of the audit firm, gave a verbal report and overview of the various financial statements that were prepared comprising the audit. He reported that the audit went well and that the District was in compliance and maintaining a healthy position of assets versus liabilities and in maintaining adequate reserves. He explained that an audit adjustment was made of \$197,169 that decreased investment income as a requirement to record the fair (market) value of investments at year-end, June 30, 2006. He stated that this was an unrealized loss and that the District, on a cash basis, had received \$229,934 in interest income receipts, though, the financial statement reflects only \$32,765.

MOTION: First by President Enns with second by Director Fones to accept and file the FY 05-06 District audit report, as prepared by Moss, Levy & Hartzheim LLP, CPAs. Vote: 5-0.

B. COMPARISON OF AUDITED FINANCIAL STATEMENTS VERSUS BUDGET: There was brief discussion of the written report with acknowledgment that, based on the FY 05-06 budget, it was projected that the District would have excess expenses versus revenues recognizing for depreciation expense and recognizing that the Board adopted a sewer rate schedule for FY 04-05 and FY 05-06 that fell short of recommended levels.

4. STATUS REPORT ON DISTRICT INVESTMENTS AND RECOMMENDATIONS FOR REINVESTMENT: District Manager Connelly reported that Karen Shanley decided that there was nothing new to report at this time, so, delayed her visit to the Board until the next regular meeting.

5. CONSIDERATION OF WISBERG REQUEST FOR DEFERMENT OF SEWER USER FEES FOR A MIXED USE BUILDING LOCATED AT 289 S. OCEAN AVE.: Manager Connelly gave her written report. Mr. Wisberg was on hand and confirmed the status of his building project. O&M Supervisor Callahan suggested that were the Board to consider Mr. Wisberg's exemption, then a logical trigger point to commence charge of the sewer user fee, since Mr. Wisberg was connected to the sewer main, would be at the point a Final Will-Serve was issued by the District. It was noted that the project was pending installation of cleanout and backflow enclosures and a trash enclosure before a Final Will-Serve Letter could be issued.

MOTION (Amended): First by Director Fones with second by Director McHale to accept the recommendation proffered by O&M Supervisor, Bill Callahan, to use the date of issuance of the Final Will-Serve Letter for commencement of sewer user charges with proration to that date. Vote: 5-0.

6. REVIEW AND DISCUSS SEWER LATER MAINTENANCE "DRAFT" ORDINANCE NO. 26 BASED ON NOVEMBER 30, 2006 PUBLIC HEARING AND DECEMBER 13, 2006 BOARD MEETING: Board President Enns stepped down citing a business conflict of interest. Vice-President Raimondo took over chair of the meeting.

Manager Connelly provided an overview of the revisions made to Ordinance No. 26 since the last Board meeting that included redefining "public nuisance," "qualified repair," "satisfactory condition," and "transfer of property." In addition, there was rewrite of Section E ("Inspections and Repairs of Sewer Laterals Requirements"), new Section F ("Requirements for Documentation Compliance Before Issuance of Sewer Lateral Certificate"), new Section G ("Sewer Lateral Certificate"), and new Section H ("Options to Permit Repair or Replacement of Sewer Lateral to Occur After Close of Escrow"). Director Fones expressed concern, and indicated his lack of support for the ordinance, as it stood, stating that he felt the ordinance was heavy handed in achieving compliance and requiring people to spend in the realm of \$8,000 to replace their sewer lateral. Director Lyon stated that she saw the need to educate the public and involve the real property business professionals beforehand. There was consensus of the Board to hold off on taking action on the ordinance for ninety days, but in the meantime staff should be looking into ways to disseminate the information to the property-based professional community—realtors, title companies and the like and homeowners, both as potential buyers and sellers to gain compliance and to report back to the Board next month on such progress. Director Lyon suggested informational handouts, holding meetings with the real estate business community, utilizing MLS and pertinent web sites as a means to educate the business professionals.

Bill Callahan reminded the Board that the District is currently empowered to require property owners to repair/replace sewer laterals found to be defective and then provide for continued maintenance to keep them in working condition. He also stated that the new State Waste Discharge Requirements (WDRs) remand that District's adopt and enforce ordinances to achieve compliance for prevention of sewer system overflows (SSOs), etc. It was suggested that he refer to the WDRs to determine the compliance time line that would be specific to sewer lateral repair/replacement enforcement so that we could better time implementation of the ordinance and build a case for its necessity.

President Enns resumed chair of the meeting.

7. SCHEDULE OF DISTRICT SERVICE CHARGES AND FEES: Board President Enns stepped down citing a business conflict of interest as it related to fees and charges that would be tied to the sewer lateral ordinance, if adopted, and for which he already stated a conflict of interest over. Vice-President Raimondo took over chair of the meeting.

Manager Connelly gave an overview of the charges and fees that staff was recommending to be adopted, acknowledging that some of the new charges were tied to adoption of the sewer lateral Ordinances Nos. 26 and 27. Others, such as copy charges were requested to be formally adopted. One preexisting fee, the will-serve application fee, was recommended to increase from \$50 to \$75 for the initial application. Other charges were recommended to be adopted as a means of recouping staff time related to situations involving secondary and subsequent field service calls.

There was consensus of the Board for staff to move forward and prepare a final "draft" resolution for their consideration at the February regular meeting.

President Enns resumed chair of the meeting.

8. STAFF COMMUNICATIONS AND INFORMATION ITEMS:

A.1. O&M Supervisor's Report of O&M Activities: Bill Callahan gave his written report.

A. 2. Report on Defective Sewer Lateral Findings: Board President Enns stepped down citing a business conflict of interest. Vice-President Raimondo took over chair of the meeting. Supervisor Callahan gave his written report stating that in reviewing CCTV inspection reports conducted of sewer mains from Lucerne to the north to Chaney to the south, staff has identified 218 properties with potentially defective laterals. He provided a handout of colored pictures depicting the various kinds of defects encountered.

MOTION: First by Director McHale with second by Directory Lyon to adopt the staff recommendation to notify by letter (sample provided) property owners regarding the defects found in their laterals and work with them to develop a plan for repairs. Vote: 4-0.

President Enns resumed chair of the meeting.

B. Status Report on Phase 1 Sewer Line Replacement Project: Supervisor Callahan verbally reported that the Phase 1 work was almost done. He reported that a punch list would be prepared and he expected a few minor change orders due to plan discrepancies. He stated that Mocon had done a good job and was very thorough.

C. District Manager's Report on Administrative Office Activity & Operations: Manager Connelly gave her written report.

9. CONSENT CALENDAR: MOTION: First by Director Fones with second by Director Raimondo to accept the Consent Calendar in its entirety. Vote: 5-0.

10. SCHEDULE OF BOARD ETHICS TRAINING: There was discussion of the written report informing all Board Members as to their 2007 and 2009 obligations for ethics training.

11. BOYLE ENGINEERING REQUEST FOR BUDGET MODIFICATION FOR CONSULTING ENGINEERING SERVICES: Motion: First by Director McHale with second by Director Fones to accept the staff recommendation to authorize an additional \$12,000 budget modification pertaining to the general engineering and consultant services contract with Boyle Engineering. Vote: 5-0.

12. BOARD MEMBER COMMENTS: President Enns and Director Lyon shared their thoughts having attended a local chapter CSDA workshop for new and returning board members. Director McHale suggested expanding our physical posting of meeting agendas to the Cayucos Library and Cayucos Vet's Hall.

13. DISCUSSION OF A POTENTIAL SITE AT 72 SOUTH OCEAN FOR POSSIBLE RELOCATION OF DISTRICT FACILITIES: There was consensus of the Board to hold off on further investigation, pending outcome of negotiations with the Cayucos School District over the school bus barn property.

14. SCHEDULE AGENDA ITEMS FOR THE FEBRUARY 21, 2007 BOARD MEETING: President Enns suggested Board policy be developed to define protocols governing public comment.

15. MEETING AND CONFERENCE REMINDERS: No action.

16. ADJOURNMENT: MOTION: First by Director Raimondo with second by Director Lyon to adjourn the meeting at 8:11 p.m..

Minutes Prepared By: _____
Bonnie Connelly