

CAYUCOS SANITARY DISTRICT
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805-995-3290

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

MINUTES
SPECIAL MEETING
MARCH 14, 2007

OPEN SESSION:

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:00 p.m., Wednesday, February 14, 2007.

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: District Manager Bonnie Connelly, Supervisor Callahan, and Account Clerk Nancy Martin

Visitors present: District Counsel Tim Carmel

2. PUBLIC COMMENTS

There were no public comments.

3. ANNOUNCE CLOSED SESSION ITEM

President Enns announced Closed Session.

CLOSED SESSION:

4. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

OPEN SESSION:

5. RECONVENE TO OPEN SESSION

The meeting reconvened to Open Session at 6:55 p.m.

6. ANNOUNCE ANY ACTIONS TAKEN IN CLOSED SESSION

No action was taken in Closed Session.

7. DISCUSSION OF REVENUES, DEBT SERVICE, AND RATE SETTING MODELS FOR FISCAL YEARS 2007/2008 THROUGH 2010/2011

Manager Connelly's written report and financing exhibits were received, with projected loan proceeds of \$3,200,000 in FY 2007/2008 and \$2,300,000 in FY 2009/2010. The exhibits included scenarios based on 15- and 20-year private placements with recommended rate schedules to cover debt service @ 1.25 (every \$1 of debt service covered with \$1.25 of revenue). Proposed financing in FY 2007/2008 will cover the acquisition of property for a District maintenance facility and several capital improvement projects through FY 2008/2009. Projected loan proceeds in FY 2009/2010 will cover capital

improvement projects through FY 2010/2011. Connelly reported that the two borrowings allow District core reserves to remain intact but that draws from LAIF, as well as raising sewer rates, will be required to cover debt service and CIP. Additionally, financing for the Wastewater Treatment Plant Upgrade must be considered. John Johnson, Carollo Engineers, is working on the Draft Revenue Program for the District's portion of the upgrade, and is also working with staff to address rates, reserves and debt financing. Connelly recommended tiered increases in sewer rates every six months and asked for consensus of the Board. Director McHale suggested that, in addition to rate increases shown in Exhibit A, a monthly surcharge be set aside to build reserves for the treatment plant upgrade. Board members felt that raising sewer service rates two times per year will be a tough sell to the public and that a surcharge is asking too much. Connelly pointed out that one condition of eligibility for the State Revolving Fund is resources must be set aside to maintain reserves for the wastewater collection system. McHale thereafter suggested a "sunset clause" after five years, with Connelly suggesting when the cost for the treatment plant upgrade has been determined. Directors Fones and Raimondo, however, both felt a "sunset clause" would not be practical. President Enns suggested a tiered surcharge, with increases up to \$5.00. Director Lyon reminded the Board that construction of the treatment plant will commence in five years and that action should be taken as soon as possible. It was the consensus of the Board to wait for Carollo Engineers to complete the Revenue Program before considering raising sewer rates, and no action was taken. Connelly was commended on the analysis and projections presented.

8. DISCUSSION AND REVIEW OF LIST OF POTENTIAL FUNDING SOURCES PROVIDED BY NRDC FOR WASTEWATER TREATMENT PLANT (WWTP) UPGRADE PROJECT

Manager Connelly's written report was received along with a list of funding possibilities provided by Anjali Jaiswal of Natural Resources Defense Council at the February 8, 2007 JPA meeting. It appears the District will be eligible for only the State Revolving Fund.

9. ADJOURNMENT

The meeting was adjourned at 7:55 p.m.

Minutes recorded by: _____
Nancy Martin