

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

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

REGULAR MEETING  
MINUTES  
October 20, 2011  
6:00 P.M.

1. President Enns called the meeting to order at 6:00 p.m.  
Board members present: President Robert B. Enns and Directors Shirley Lyon, Dan Chivens and Michael Foster  
Board members absent: Vice-President Hal Fones  
Staff present: District Manager Bill Callahan, Administrative Services Officer (ASO) Lewis Brookins, Administrative Services Tech Nancy Martin and Wastewater Collections Tech Dave Zevely  
Consultants present: CPA Lisa McGrath (Moss, Levy & Hartzheim, CPAs) and Tom Martin, General Manager (Mission Country Disposal)  
Visitors present: Four Cayucos property owners

2. PUBLIC COMMENTS

President Enns opened the meeting to Public Comments. There were none.

3. PROPOSED SOLID WASTE INCREASE OF 3.16%, AS REQUESTED BY MISSION COUNTRY DISPOSAL

A. OPEN PUBLIC HEARING

President Enns opened the Public Hearing to questions and comments. Local property owners expressed concerns regarding the proposed rate increase. Mission Country General Manager Tom Martin answered questions and encouraged customers to call Mission Country Disposal with additional questions and to request changes in service. He stated that the last rate increase was in 2008 and that the current 3.16% increase, if approved, will be in effect until 2013.

B. CLOSE PUBLIC HEARING

President Enns closed the Public Hearing.

C. CONSIDERATION TO ADOPT RESOLUTION NO. 2011-6 ESTABLISHING REVISED SOLID WASTE AND RECYCLABLE MATERIALS COLLECTION AND DISPOSAL SERVICE RATES

MOTION: First by Lyon with second by Chivens to adopt Resolution No. 2011-6 Establishing Revised Solid Waste and Recyclable Materials Collections and Disposal Service Rates.

ROLL CALL VOTE: Enns (yes), Fones (absent), Lyon (yes), Foster (yes), Chivens (yes)

4. DISCUSSION OF INFLOW AND INFILTRATION STUDY FOR 2010/2011 WET WEATHER SEASON

Dave Zevely, Wastewater Collections Tech, presented his Inflow and Infiltration (I/I) Summary Report. He reported that the project is ongoing, with staff compiling several years of data to quantify I/I. From there, staff (Zevely, Callahan and Collection Worker Robert Tennent) will consider how to best proceed. Callahan reported on a prospective pilot program using chemical grouting/polymer to address the infiltration problem. If effective, it could be cost-saver to the District as well as customers with faulty sewer laterals, as the technology is less expensive than pipeline replacement and is backed by a 10-year warranty. Board members commended Zevely on his report.

5. CONSIDERATION TO ACCEPT FY 2010/2011 AUDIT AS PREPARED BY MOSS, LEVY AND HARTZHEIM, CPAs

CPA Lisa McGrath presented the FY 2010/2011 Audit for the Board's consideration. Although there are internal controls in place, Director Foster suggested Brookins acquire additional internal controls.

MOTION: First by Foster with second by Lyon to accept FY 2010/2011 Audit as prepared by Moss, Levy and Hartzheim, CPAs. VOTE: 4-0

6. CONSIDERATION TO APPROVE 4TH QUARTER INVOICES FROM THE CITY OF MORRO BAY

- A. WWTP OPERATIONS INVOICE
- B. WWTP CAPITAL IMPROVEMENT INVOICE

ASO Brookins written report was received. After review of invoices submitted by Morro Bay, he recommended payment of both 4th Quarter invoices.

MOTION: First by Chivens and second by Foster to approve 4th Quarter FY 2010/2011 invoices from the City of Morro Bay, WWTP Operations Invoice in the amount of \$152,916.57 and WWTP Capital Improvement Invoice in the amount of \$25,144.94. VOTE: 4-0

7. ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY

ASO Brookins presented the District Investment Policy for its annual review. He reported that the document was last revised in 2009, mainly to update terminology and definitions. Brookins offered no new revisions.

MOTION: First by Foster with second by Chivens to accept District Investment Policy for 2011 without revision. VOTE: 4-0

8. CONSIDERATION TO ISSUE A NOTICE OF COMPLETION FOR THE DISTRICT OPERATIONS AND MAINTENANCE SHOP TO RSH CONSTRUCTION INC. AND ISSUE RETENTION PAYMENT OF \$68,263.44

Manager Callahan's written report and recommendation was received. President Enns asked staff to review the contract with RSH Construction to determine time constraints on issuing the final payment. Additionally, he suggested review by District counsel for any legal issues. Board members discussed requiring RSH Construction to submit a letter indicating all subcontractors have been paid and, if all lien releases have been received, to issue the final check 30-60 days after the Notice of Completion has been filed.

MOTION: First by Enns with second by Lyon to issue the Notice of Completion, and to issue the final funds due RSH after receipt of an assurance in writing from RSH that all subcontractors will be paid in full and that an unconditional waiver and release will be submitted to the District by all subcontractors.

VOTE: 4-0

9. DISCUSSION OF ADDITIONAL CHARGES FROM ENVIRONMENTAL SCIENCE ASSOCIATES (ESA) FOR ADDITIONAL WORK PERFORMED ON WWTP ENVIRONMENTAL IMPACT REPORT (EIR) WITH CONSIDERATION TO REIMBURSE THE CITY OF MORRO BAY FOR ADDITIONAL WORK

Manager Callahan's written report was received. The District withheld \$15,226.00 from the 3rd Quarter FY 2010/2011 Invoice from the City of Morro Bay while Callahan researched the additional work done by Environmental Science Associates (ESA) to complete the Environmental Impact Report. The scope of work changed from physical changes in the WWTP footprint. Most changes were not discussed with District staff or the Board and Council. Callahan recommended payment of the \$15,226.00 due the City, including a letter requiring requests for additional services or change orders to any future contracts to be approved by the District before the services are rendered. Callahan indicated he would like to discuss setting a threshold for approval of change orders with Morro Bay. Enns suggested he and Callahan meet with Andrea Lueker, Morro Bay City Manager, and Rob Livick, Morro Bay Public Services Director, to discuss ESA's contract and other issues.

MOTION: First by Lyon with second by Chivens directing staff to prepare a check for \$15,226.00 to reimburse the City of Morro Bay per Callahan's recommendation. VOTE: 4-0

President Enns suggested District Counsel, Tim Carmel, prepare the letter to Morro Bay.

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

A. District Manager's Report (Callahan) – August/September 2011

Manager Callahan's written report was received.

B. Administrative Services Officer's Report (Brookins) – August/September 2011

ASO Brookins written report was received.

11. CONSENT CALENDAR

A. Approval of Minutes for the August 18, 2011 Regular Board of Directors Meeting

B. Approval of Minutes for the September 7, 2011 Special Board of Directors Meeting

C. Approval to pay outstanding bills as of October 20, 2011

MOTION: First by Lyon with second by Foster to approve the Consent Calendar in its entirety.

VOTE: 4-0

12. BOARD MEMBER COMMENTS

Manager Callahan announced the hiring of Jon Collins, as a new Wastewater Collection Worker. President Enns and Director Lyon both felt the ribbon cutting ceremony for the District O&M Shop was excellent.

13. SCHEDULED MEETINGS

A. Morro Bay/Cayucos Wastewater Treatment Plant (JPA) Meeting, *Date:* November 10, 2011, *Hosted By:* City of Morro Bay, *Location:* TBD, *Time:* 6:00 p.m.

The Board discussed meeting prior to the scheduled JPA meeting. A meeting was then scheduled for November 10, 2011 at 12:00 p.m. to be held at the District office.

14. SCHEDULE AGENDA ITEMS FOR THE NOVEMBER 17, 2011 BOARD MEETING

**CLOSED SESSION:**

President Enns announced Closed Session at 8:55 p.m.

15. CONFERENCE WITH REAL PROPERTY NEGOTIATORS pursuant to Government Code Section 54956.8, *Property:* 249 Ash Avenue, *Agency Negotiators:* Bill Callahan (District

Manager). Timothy J. Carmel (District Counsel), *Negotiating Party*: Willadean Borchard, Property Owner, *Under Negotiation*: Price, Terms of Payment and Right of First Refusal

16. PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government Code Section 54957, *Title*: District Manager

17. ANNOUNCE ACTIONS TAKEN IN CLOSED SESSION

The Board directed District Manager Callahan to discuss the concept of entering into a Right of First Refusal Agreement with Ms. Borchard and report back to the Board with the results of these discussions.

The Public Employee Performance Evaluation was tabled, to be agendaized for the November meeting.

18. ADJOURNMENT

The meeting adjourned at 9:30 p.m.

Minutes recorded by: \_\_\_\_\_  
Nancy Martin, Administrative Services Tech