

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

CONSENT CALENDAR  
AGENDA NO. 15A  
DATE SEP 16 2009

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

REGULAR MEETING  
MINUTES  
AUGUST 19, 2009

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:58 p.m., Wednesday, August 19, 2009.

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

Board members absent: Director Shirley Lyon

Staff present: District Manager Bill Callahan, Administrative Services Officer (ASO) Lewis Brookins, Administrative Services Technician Nancy Martin, and employees Robert Tennent, Dave Zevely and Tim O'Marr

Visitors present: Brad Arnott and Dorothy Fones

2. PUBLIC COMMENTS

Sanitary District employees Robert Tennent (Lead Wastewater Collection Worker), Dave Zevely (Wastewater Collection system Maintenance Technician) and Tim O'Marr (Wastewater Collection Worker) each addressed the Board. They asked Board members to reconsider their decision to defer employee equity adjustments that had been approved last year and were to go into effect July 1, 2009. President Enns and Vice-President McHale thanked them for their input.

Brad Arnott, owner of the Sea Esta Motel in Cayucos, expressed unhappiness with Sanitary District billing policy for motels and hotels. President Enns thanked him for voicing his concerns and stated that commercial billing rates and policy were being examined by District staff and the Board.

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

Karen Shanley, District financial advisor, provided Board members and staff handouts showing current market balances of District investment accounts and current yields for US Treasuries available. A Certificate of Deposit is due in December and she suggested looking at rates and offerings available at the November Board meeting. Discussion ensued regarding the unstable financial market and how to maintain maximum investment returns.

4. CONSIDERATION TO ENTER INTO AGREEMENT WITH NEW BROKERAGE FIRM BASED ON DIRECTION OF FINANCE COMMITTEE

Ms. Shanley reported that her current Broker/Dealer is being acquired by another firm and that she has found a replacement, Girard Securities, for the Board's consideration. July 29, Shanley met with the Finance Committee (Foster, committee member), Manager Callahan and ASO Brookins to review information pertaining to a new brokerage firm and to the potential change of Shanley's role with the District from Broker to Investment Advisor. Although there will be considerable paperwork to complete, she assured Board members she would make the transition as easy as possible. Shanley and ASO Brookins will meet in September to review and update the language and terms of the District's investment policy.

MOTION: First by McHale with second by Fones to enter into an agreement with Girard Securities and discontinue that with Associated Securities Corp., and enter into an agreement naming Karen Shanley District Financial Advisor, based on direction of the Finance Committee, effective August 21, 2009.

VOTE: 4-0

5. INTRODUCTION OF SHANLEY AND ASSOCIATES AS INVESTMENT ADVISOR

6. STATUS REPORT ON DISTRICT INFLOW AND INFILTRATION (I&I) STUDY FOR 2008-2009

Manager Callahan's written report was received. He reported that he and District staff met with Jon Hanlon (AECOM, Inc.) to review and discuss information compiled thus far. Although tracking I&I is a massive task and staff is still in the learning process, major progress has been made. Staff has completed the majority of the graphing that AECOM will analyze/review and Callahan feels the study is on track. He anticipates a presentation at the October Board meeting.

Callahan reported staff is considering putting out a quarterly newsletter to keep local property owners apprised of Sanitary District activities.

7. STATUS REPORT ON DISTRICT OPERATIONS AND MAINTENANCE GARAGE PROJECT

Manager Callahan reported the plans are being resubmitted for plan check and that Architect Jon McAlpin is generating the project specifications.

8. 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

Manager Callahan's written report was received. The County has requested a pedestrian access easement from the District as part of the O&M Garage Project. Board members examined materials provided by the County; President questioned the necessity of the 4-foot easement and indicated he was unwilling to agree to the County's request until the County provides the District with a final plan for the curb/ramp construction. McHale suggested sending a letter to the County stating the District agrees conceptually with the proposal but would like to see more comprehensive drawings for the required handicap ramp.

9. CONSIDERATION TO ADOPT RESOLUTION NO. 2009-4 ESTABLISHING AN APPROPRIATION LIMIT FOR FISCAL YEAR ENDING 2010

MOTION: First by McHale with second by Fones to adopt Resolution No. 2009-4 Establishing an Appropriation Limit of \$3,048,027 for Fiscal Year Ending June 30, 2010.

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

10. STATUS REPORT ON REVIEW OF DISTRICT COMMERCIAL ACCOUNT CHARGES

ASO Brookins gave a verbal report. He stated he has been reviewing the 2003 Wallace rate study, the 2007 rate increases and District sewer user rates for commercial properties (motels, restaurants, professional offices, retail businesses). He has completed a water use analysis of all commercial properties and will have a written report for inclusion at the September Board meeting.

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

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

Manager Callahan's written report was received. With employees "Team Training" nearing completion, the Board will discuss results of the program in Closed Session and sit in on a meeting with employees.

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

ASO Brookins's written report was received. He reported on the impact of the State suspending Prop 1A, which will result in an 8% decrease in property tax revenue to the District, approximately \$46,000. The FY 09/10 District budget reflects an anticipated decrease in property tax assessment valuation, \$16,000, which, with an increase in actual property tax, should net the impact.

C. Operations and Maintenance report – July 2009

Callahan reported that the Mytana 400C video camera purchased last month cost \$14,000. The item was part of the approved CIP budget for FY 09/10.

12. CONSENT CALENDAR

A. Minutes of Regular Board Meeting of July 15, 2009

B. Minutes of special Board Meeting of August 11, 2009

C. Certificates of Posting

1. Resolution No. 2009-2 Confirming Report of District Clerk Relative to Unpaid Sewer Charges and Levying Assessments

2. Resolution No. 2009-3 Confirming Report of district Clerk Relative to Unpaid Solid Waste Disposal and Levying Assessments

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

VOTE: 4-0

13. BOARD MEMBER COMMENTS

President Enns indicated he would like to meet with Manager Callahan, District Counsel Tim Carmel and Engineer John Hanlon prior to the Technical Advisory Committee Meeting with Morro Bay scheduled for August 27.

14. MEETINGS, CONFERENCES, AND SEMINARS

A. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting, Date: September 8, 2009, Hosted by Cayucos, Time: 6:00 p.m., Cayucos Elementary School

B. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Technical Advisory Committee Meeting, Date: August 27, 2009, Hosted by Morro Bay, Time: 8:00 a.m., Location: Morro Bay Public Services, 955 Shasta Ave., Morro Bay

15. SCHEDULE AGENDA ITEMS FOR THE SEPTEMBER 16, 2009 BOARD MEETING

- Discussion and consideration of FY2009/2010 Investment Policy
- Review and discussion of sewer user fees for District commercial properties
- Closed Session discussion of District salary enhancement (equity adjustment)

President Enns announced Closed Session at 8:50 p.m.

CLOSED SESSION:

16. PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government code Section 54957 Title: District Manager

RECONVENE TO OPEN SESSION:

17. ANNOUNCE ANY ACTIONS TAKEN IN CLOSED SESSION

MOTION: First by Fones with second by McHale to renew District Manager Callahan's current contract for one year, with the next consideration of renewal taking place no later than August 20, 2010.

VOTE: 4-0

18. ADJOURNMENT

The meeting adjourned at 9:40 p.m.

Minutes recorded by: *Nancy Martin*  
Nancy Martin