

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

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

MINUTES
REGULAR BOARD MEETING
June 20, 2007

OPEN SESSION:

1. ESTABLISH QUORUM AND CALL TO ORDER

President Robert Enns called the meeting to order at 6:35 p.m.

Board members present: President Enns, Vice-President Raimondo and Director Fones

Board members absent: Directors McHale and Lyon (McHale arrived at 7:22 p.m.)

Staff present: District Manager Callahan, Administrative Services Officer Connelly and Administrative Services Technician Martin

Visitors present: Karen Shanley (District Financial Advisor), Ray Sheets, Frank Silva (Mission Country Disposal), Mickey Sheehan, Richard Sadowski and Marla Bruton

2. PUBLIC COMMENTS

Richard Sadowski announced he is developing a plan for a regional wastewater treatment facility. He asked for an administrative claim form that he claimed Administrative Services Officer Connelly was to provide him. Connelly was unsure of what he was asking for.

3. ESTABLISH QUORUM AND CALL TO ORDER

4. CONSIDERATION TO GRANT LICENSE AND AGREEMENT FOR ENCROACHMENT OF SEWER EASEMENT TO RAY AND CLARA SHEETS AT 64 BAKERSFIELD AVE., APN 064-046-010 FOR RETAINING WALL

Manager Callahan's written report was received, recommending approval of Mr. and Mrs. Sheets' encroachment permit. Specific conditions included:

- Specificity of the agreement to the current property owners. The agreement is not transferable with the sale or transfer of the property.
- A \$10,000 Irrevocable Letter of Credit payable to the District to cover any costs that may arise if the District must access the easement to repair/replace the sewer main.
- Provide a staging area on the Sheets' property in the event the easement must be excavated.

Mr. Sheets reported that the Irrevocable Letter of Credit would include an annual fee to him and suggested a \$5,000 to \$8,000 cash donation to the District, which District Counsel, Tim Carmel, did not recommend. District staff and the Board, as well as Mr. Sheets, agreed that a Certificate of Deposit was preferable. Callahan indicated he would consult Carmel regarding the change.

MOTION: First by Fones with second by Raimondo to approve the encroachment permit for Mr. and Mrs. Sheets and to direct staff to prepare the Grant of License and Agreement Affecting Real Property for execution and recordation.

President Enns asked Fones to amend the motion presented to include language regarding further review of the conditions by Carmel.

MOTION: First by Fones with second by Raimondo to approve the encroachment permit for Mr. and Mrs. Sheets subject to final review of terms and approval by District Counsel, and to direct staff to prepare the Grant of License and Agreement Affecting Real Property for execution and recordation.

VOTE: 3-0

5. DISCUSS AND REVIEW REQUEST FROM MISSION COUNTRY DISPOSAL FOR A 3.77% RATE INCREASE, BASED ON A 2007 BASE YEAR REVIEW

Manager Callahan's written report was received. As a rate increase is subject to Prop 218 and requires written public notice and a 45-day petition period, he recommended scheduling a public hearing for the September 19, 2007 Sanitary District Board meeting. The proposed 3.77% rate increase would go into effect October 1, 2007.

MOTION: First by Raimondo with second by Fones to approve request from Mission Country Disposal for a 3.77% rate increase and direction to schedule a public hearing for the September 19, 2007 Board of Directors meeting.

VOTE: 3-0

6. DISCUSSION AND REIEW OF PROPOSED 2007-2008 BUDGET WITH CONSIDERATION FOR ADOPTION

A. Budget and Finance Committee Meeting of June 6, 2007 Report (Enns/Raimondo)

Vice-President Raimondo briefly reported on the June 6 Budget and Finance Committee Meeting, at which he and President Enns recommended a 4% employee Cost of Living Adjustment (COLA) for FY 2007-2008, and an increase to \$50 per day for stand-by pay on holidays. Additionally, they had recommended that the 20% contingency the engineer included in projected Capital Improvement Projects (CIP) costs be scaled back to 10%, referring the matter back to the District Manager for rework.

MOTION: First by Raimondo with second by Fones to adopt Cayucos Sanitary District FY 2007-2008 Budget.

VOTE: 3-0

B. Staff Report on Cost of Living Projections

MOTION: First by Raimondo with second by Fones to approve a 4% employee COLA for FY 2007-2008.

VOTE: 3-0

C. Staff Report on Holiday Standby Pay

MOTION: First by Raimondo with second by Fones to increase holiday stand-by pay from \$30 per day to \$50 per day.

VOTE: 3-0

D. Capital Improvement Projects

MOTION: First by Raimondo with second by Fones to approve District CIP as presented.

VOTE: 3-0

7. DRAFT CAYUCOS SANITARY DISTRICT REVENUE PROGRAM REPORT FOR MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT (WWTP) UPGRADE

Manager Callahan pointed out that after John Johnson's (Carollo Engineers) presentation of the Draft Revenue Program at the May 16 Board meeting, the Directors took no action.

MOTION: First by Fones with second by Raimondo to approve the Draft Revenue Program for Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) Upgrade.

VOTE: 3-0

8. CONSIDERATION TO PROCEED WITH PROPOSITION 218 PROCESS AND PUBLIC HEARING FOR SEWER RATE SETTING MODEL AND REVENUE PLAN FOR SEWER USER CHARGES AND SEWER CONNECTION FEES

A. Review and Discuss "Draft" Proposition 218 Notifications for Sewer Rate Increases

The Board had previously reviewed and discussed the "draft" rate-setting model prepared by Administrative Services Officer Connelly. They recognized the importance of transparency and recommended leaving projections in the document beyond the five years for which the Prop 218 will cover.

MOTION: First by Raimondo with second by Fones to accept the "draft" rate-setting model and revenue plan with the inclusion of projections beyond FY 2011-2012.

VOTE: 3-0

B. Review and Discuss "Draft" Proposition 218 Notifications for Sewer Rate Increases

Board members reviewed the "draft" Prop 218 notification, which includes information on the August 15, 2007 public hearing and an outline of proposed rate increases. The Notice of Public Hearing will be mailed to all property-owners in Cayucos, pending final review and approval by District Counsel Carmel.

9. CONSIDERATION TO ADOPT RESOLUTION 2007-1: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT TO AMEND ITS CONFLICT OF INTEREST CODE

District reorganization went into effect April 16, 2007 with the creation of a new position, Administrative Services Officer, requiring amending the Sanitary District Conflict of Interest Code list of designated positions.

MOTION: First by Fones with second by Raimondo to adopt Resolution 2007-1, amending the Cayucos Sanitary District Conflict of Interest Code.

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

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

11. CONSENT CALENDAR

A. Minutes of:

1. Regular Meeting of May 16, 2007
2. Budget & Finance Committee Meeting of June 6, 2007

B. Approval to Pay Outstanding Bills as of June 20, 2007

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

VOTE: 3-0

Director McHale arrived at 7:22 p.m.

12. FINANCIAL REPORT FROM DISTRICT INVESTMENT ADVISOR (KAREN SHANLEY)

Shanley's written report and hand-out were received. She reported that interest rates on short term investments (less than five years) have been dropping and that terms of five or more years have been increasing. Shanley did not recommend reinvesting investments maturing between September and December but, rather, to transfer the funds to LAIF for paying for upcoming Capital Improvement Projects.

13. REQUEST BY LAFCO FOR BALLOT VOTE FOR LAFCO SPECIAL DISTRICT MEMBER WITH DEADLINE OF JULY 2, 2007

MOTION: First by McHale with second by Fones directing staff to submit a vote for Barbara Mann to the Special District Risk Management Authority Board of Directors.

VOTE: 4-0

14. CONSIDERATION TO ADOPT RESOLUTION NO. 2007-3: A RESOLUTION OF THE GOVERNING BODY OF THE CAYUCOS SANITARY DISTRICT NOMINATING _____ AS A CANDIDATE FOR ELECTION TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS

The Board of Directors took no action.

15. CONSIDERATION TO ADOPT RESOLUTION NO. 2007-2: A RESOLUTION OF THE GOVERNING BODY OF THE CAYUCOS SANITARY DISTRICT APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SIXTH AMENDED JOINT POWERS AGREEMENT

MOTION: First by Raimondo with second by McHale to adopt Resolution No. 2007-2 approving of and authorizing the execution and delivery of a Sixth Amended Joint Powers Agreement Relating to the Special District Risk Management Authority.

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

16. BOARD MEMBER COMMENTS

Director Raimondo asked if the District's Financial Advisor, Karen Shanley, is paid for her services. Connelly answered that the purchase of government-backed securities does not include a transaction fee from Shanley, and stated she would gather information on any fees charged on the two accounts handled by Shanley other than the annual maintenance fee.

17. MEETINGS, CONFERENCES AND SEMINARS

- A. Town Hall Meeting: "Rate Increases and Future Capital Improvement Projects" on Thursday June 21, 2007 at 7:00 p.m. to be held at the Cayucos Veterans Hall, 10 Cayucos Drive, Cayucos, CA 93430

There was brief discussion on the upcoming meeting. President Enns commended Connelly and Callahan on their thoroughness in preparing for that meeting.

- B. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting on Wednesday, June 27, 2007 at 6:00 p.m. hosted by Morro Bay to be held in Morro Bay at the Multi-Purpose Room, Community Center, 1001 Kennedy Way, Morro Bay, CA 93442

18. SCHEDULE AGENDA ITEMS FOR THE JULY 18, 2007 BOARD MEETING

19. ANNOUNCE CLOSED SESSION

President Enns announced Closed Session at 8:10 p.m.

CLOSED SESSION:

20. CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Pursuant to California Government Code Section 54956.8
Property: 13 Birch Avenue, Cayucos
District Negotiators: district Manager Bill Callahan and District Legal Counsel Tim Carmel
Negotiating Parties: George Erdelyi, Cayucos Elementary School District Superintendent
Under Negotiation: price and terms of payment

RECONVENE TO OPEN SESSION:

21. PUBLIC ANNOUNCEMENT OF ANY ACTIONS TAKEN IN CLOSED SESSION

The meeting reconvened to Open Session at 8:47 p.m. It was reported that there was no action taken to report.

22. ADJOURNMENT

The meeting was adjourned at 8:50 p.m.

Minutes recorded by: *nancy martin*
Nancy Martin