



CAYUCOS SANITARY DISTRICT

200 Ash Avenue
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Cayucos, CA 93430-0333
805-995-3290

AGENDA ITEM: 3.A.1

DATE: February 18, 2021

ACTION: Approved

GOVERNING BOARD

R. B. Enns, President
D. Chivens, Vice-President
S. Lyon, Director
H. Miller, Director
R. Frank, Director

REGULAR MEETING MINUTES

Thursday, January 21, 2021
5:00 p.m.

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:00p.m.

Board members present via GoToMeeting: President Robert Enns, Vice-President Dan Chivens, Director Miller, Director Robert Frank, and Director Shirley Lyon

Staff present via GoToMeeting: District Manager Rick Koon and Admin. Services Manager Amy Lessi

Guests present via GoToMeeting: Dylan Wade of Water Systems Consultants (WSC)

2. PUBLIC COMMENTS

President Enns opened the meeting to Public Comment.

Julie Tacker asked about a written public comment submitted by John Paul Drayer and said that she thought he had wanted it read aloud.

Hearing no further comment, President Enns closed Public Comment.

Manager Koon answered that Mr. Drayer's written public comment was distributed amongst the Board as agenda correspondence and was also posted to the website with the other materials for tonight's meeting.

3. CONSENT CALENDAR - Recommended to Approve

Consent Calendar items are considered routine and therefore do not require separate discussion, however, any item may be removed from the Consent Calendar by a member of the Board of Directors for separate consideration. Individual items on the Consent Calendar are approved by the same vote that approves the Consent Calendar, unless an item is pulled for separate consideration.

A. Regular Meeting Minutes

1. Approval of Minutes for the December 17, 2020 Board of Directors Regular Meeting

B. Financial Reports: November 2020

1. Check Register – Mechanics Bank (General Checking Account)
 - a. Check Register – Wells Fargo (CIP/CSWP Checking Account)
 - b. Check Register – Wells Fargo (CSWP Construction Account)

2. Cash, Savings, and Investment Report

3. Budget vs. Actual Status Report **FY 2020-2021**

4. Capital Improvement Projects Report

C. Financial Reports: December 2020

1. Check Register – Mechanics Bank (General Checking Account)

- a. Check Register – Wells Fargo (CIP/CSWP Checking Account)
- b. Check Register – Wells Fargo (CSWP Construction Account)
- 2. Cash, Savings, and Investment Report
- 3. Budget vs. Actual Status Report **FY 2020-2021**
- 4. Capital Improvement Projects Report

President Enns opened the meeting to Public Comment.

John Curti observed the recent increase in revenue from SLO County City Taxes and asked why they had previously been behind. He also asked for clarification on the reduction in Admin. expenses and wondered if that cost is anticipated to go up later.

Hearing no further comment, President Enns closed Public Comment.

Manager Koon explained that property taxes get reported in November and are linked to delinquent sewer fee revenue. The Admin. expenses are simply a reflection of current staffing needs.

MOTION: 1st by Frank, to approve items on the consent calendar as prepared. Motion was seconded by Lyon.

ROLLCALL VOTE: Frank-yes, Lyon-yes, Miller-yes, Chivens-yes, Enns-yes,

VOTE 5-0 Motion passed

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

A. District Manager’s Report – November 2020

B. Monthly Customer Satisfaction Survey Submissions – None

C. Will Serves – New

Cayucos Supermarket Corp., APN 064-131-006, 301 S Ocean Ave. – CMMCL Remodel

Will-Serves – Renewed

Brindley, APN 064-432-053, 3486 Shearer Ave. – SFR New

Scoto, APN 064-204-055, 2787 Santa Barbara Ave. – SFR New

Will-Serves – Finaled

None

Will-Serves – Continue to Serve (No Will-Serve Required)

None

Will-Serves – Grant of License

None

Manager Koon gave a summary of the previous month’s Admin. and Operations departments’ activities.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

Items 4 A through C were received and accepted.

5. DISCUSSION AND CONSIDERATION TO APPROVE AMENDMENT #1 IN THE AMOUNT OF \$264,525.00 TO THE AGREEMENT WITH WATER SYSTEMS CONSULTANTS, INC. (WSC) FOR PROFESSIONAL ENGINEERING SERVICES IN THE CONSTRUCTION OF THE CAYUCOS SUSTAINABLE WATER PROJECT SUBJECT TO FINAL APPROVAL BY THE USDA

Manager Koon and Dylan Wade of WSC presented Amendment #1 to the agreement with WSC and explained its necessity.

President Enns opened the meeting to Public Comment.

Michael Taylor asked if the work described in this amendment was included in the original proposal, what the total value of the contract is, and if the price increase will impact the ratepayers.

Julie Tacker asked why this wasn't included in the original scope of work, complained that the staff report lacks what it "actually costs" and doesn't mention how over budget the project is, and asked how soon can she expect to see Amendment #2.

Hearing no further comments, President Enns closed Public Comment.

Manager Koon responded that the original contract amount was for ~2.5 million, so this amendment is for a little over 10% of that amount. This increase will not affect or cost the ratepayers; the current rates are sufficient and are protected under the Prop. 218 process. There has been a rate of less than half of a percent of change orders with Cushman Contracting, and the District is well within the contingencies that are built into every contract it agrees to. Some items were added to the scope of work as a result of slow supply, and some As-Builts were added in addition to those that were in the original contract.

Director Miller reiterated that the District is well within its contingencies for this project and offered her opinion that with all of the unpredictable delays and ripple effects associated with COVID-19, being this close to the budget and sticking so close to the schedule is nothing short of remarkable. She stated that this is a Public Works project, and in her line of work with SLO County, she has never seen a Public Works project run this smoothly. She thanked Manager Koon and Dylan Wade for their hard work and dedication.

Vice President Chivens pointed out that a large portion of these added services are a compliance component required by the USDA and while he's not sure if they were accounted for from day one, the loan savings (compared to the originally agreed upon interest rates that were significantly higher) will make up for it. He added that in his personal construction business, all prices have gone up significantly since COVID-19 and the delays have been worse. He advocated that this project is doing well on all fronts.

President Enns added that he has never seen a Public Works project with a .48% change order rate.

MOTION: 1st by Lyon, to Approve Amendment #1 in the Amount of \$264,525.00 to the Agreement with Water Systems Consultants, Inc. (Wsc) for Professional Engineering Services in the Construction of The Cayucos Sustainable Water Project Subject to Final Approval by The USDA. Motion was seconded by Chivens.

ROLLCALL VOTE: Lyon-yes, Chivens-yes, Miller-yes, Frank-yes, Enns-yes

VOTE 5-0 Motion passed

6. DISCUSSION AND CONSIDERATION TO APPROVE THE FOLLOWING RESOLUTIONS IN ORDER TO CONVERT THE WESTERN ALLIANCE BANK CONSTRUCTION FINANCING TO THE USDA LOANS:

- A. RESOLUTION 2021-01 AUTHORIZING THE EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$24,301,500; AND APPROVING AN INSTALLMENT SALES AGREEMENT BETWEEN THE PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA AND THE CAYUCOS SANITARY DISTRICT; A TRUST AGREEMENT AMONG THE DISTRICT MANAGER OF THE CAYUCOS SANITARY DISTRICT, THE PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, AND THE CAYUCOS SANITARY DISTRICT; AN ASSIGNMENT AGREEMENT BETWEEN THE PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA AND THE DISTRICT MANAGER OF THE CAYUCOS SANITARY DISTRICT; AND RELATED ACTIONS**

Manager Koon presented the documents necessary to allow the District to convert its short-term loans with Western Alliance Bank to long-term loans through the USDA.

President Enns opened the meeting to Public Comment.

Michael Taylor asked what USDA stands for.

Julie Tacker asked if there are separate resolutions or one resolution adopting all four agreements. She stated her opinion that each item should be adopted separately.

Hearing no further comment, President Enns closed Public Comment.

President Enns clarified that USDA stands for United States Department of Agriculture.

Manager Koon explained that there is one resolution, Resolution 2021-01, and the verbiage within it allows for the adoption of the Installment Sales Agreement, the Trust Agreement, and the Assignment Agreement. This resolution was prepared by the District's Bond Counsel, was reviewed by USDA General Counsel, and is the specific format required by the USDA.

MOTION: 1st by Miller, to Adopt Resolution 2021-01 Authorizing the Execution and Delivery of Certificates of Participation in the Aggregate Principal Amount Not to Exceed \$24,301,500 and Approving an Installment Sales Agreement, a Trust Agreement and an Assignment Agreement and Related Actions. Motion was seconded by Frank.

ROLLCALL VOTE: Miller-yes, Frank-yes, Lyon-yes, Chivens-yes, Enns-yes

VOTE 5-0 Motion passed

B. FOUR (4) USDA LOAN RESOLUTIONS AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING THE DISTRICT'S WASTEWATER SYSTEM FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE

The Board reviewed the four Loan Resolutions from USDA (\$2.207M, \$8M, \$9.9M, and \$4.1945M) with Manager Koon and Dylan Wade of WSC.

President Enns opened the meeting to Public Comment.

Michael Taylor asked if the 1.75 rate for all four loans is guaranteed, and if all four will be executed at once, or over time.

Hearing no further comment, President Enns closed Public Comment.

Manager Koon answered that with Board approval, all four loans will be executed with a closing date of February 1st so that the District can lock in that rate.

MOTION: 1st by Miller, to Adopt Four (4) USDA Loan Resolutions Authorizing and Providing for the Incurrence of Indebtedness for the Purpose of Providing a Portion of the Cost of Acquiring, Constructing, Enlarging, Improving, and/or Extending the District's Wastewater System Facility to Serve an Area Lawfully Within its Jurisdiction to Serve. Motion was seconded by Chivens.

ROLLCALL VOTE: Miller-yes, Chivens-yes, Frank-yes, Lyon-yes, Enns-yes

VOTE 5-0 Motion passed

7. DISCUSSION AND CONSIDERATION TO APPROVE RESOLUTION 2021-02 FOR MODIFICATIONS TO THE SERIES B LOAN WITH WESTERN ALLIANCE BANK

Manager Koon explained the necessity for Resolution 2021-02 as it relates to funding for the CSWP.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

MOTION: 1st by Lyon, to Approve Resolution 2021-02 for Modifications to the Series B Loan with Western Alliance Bank. Motion was seconded by Frank.

ROLLCALL VOTE: Lyon-yes, Frank-yes, Miller-yes, Chivens-yes, Enns-yes

VOTE 5-0 Motion passed

8. CAYUCOS SUSTAINABLE WATER PROJECT STATUS UPDATE

Manager Koon updated the Board on recent project developments. The Pipeline Project is complete, and the curbs, gutters, and paving at the treatment plant are also complete. The temporary trailers will be hauled out next week and staff will transition into the new facility. Staff has received training on the headworks. The floors and cabinets are coming soon. The solar system is still on track for April, with preparatory grading work to take place beforehand.

Director Frank asked if there were any developments with Dog Beach.

Manager Koon answered that last week Morro Bay said it will be going before counsel.

Vice President Chivens asked if Koon had any thoughts on a need for security out at the jobsite.

Manager Koon answered that all of the buildings are locked, and once the trailers are gone fencing and automatic gates will be coming in for added security.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

9. BOARD MEMBER COMMENTS (This item is the opportunity for Board Members to make brief announcements and/or briefly report on their own activities related to District business.)

None.

10. FUTURE SCHEDULED MEETINGS

- February 18, 2021 – Regular Board Meeting
- March 18, 2021 – Regular Board meeting
- April 15, 2021 – Regular Board meeting

11. ADJOURNMENT

The meeting adjourned at 6:06p.m.

Minutes Respectfully Submitted By:

X Amy Lessi

Amy Lessi
Administrative Services Manager