

**CAYUCOS SANITARY DISTRICT**  
200 Ash Avenue  
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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  
TOWN HALL MEETING  
June 21, 2007

1. ESTABLISH QUORUM AND CALL TO ORDER

President Robert Enns called the meeting to order at 7:05 p.m.

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

Board members absent: Director Lyon

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

Visitors present: There were nine visitors present.

2. PUBLIC COMMENTS

There were no public comments.

3. DISCUSSION OF PROPOSED CAYUCOS SANITARY DISTRICT RATE INCREASE SCHEDULE FOR SEWER USER FEES AND SEWER CONNECTION FEES AND FORECASTING FOR THE MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT UPGRADE, BASED ON REVENUE PLAN

President Enns spoke briefly, introducing the topic of the meeting, the proposed sewer rate increases. He reported that Morro Bay and Cayucos are in the planning stage of upgrading the jointly-owned wastewater treatment plant and the communities have chosen to upgrade the plant to full tertiary. The rate increases are necessary to accomplish the upgrade of the treatment plant, as well as to maintain the Cayucos sewerage system and carry out capital improvement projects (CIP). Director Fones added that State and Federal mandates are responsible for increased maintenance and operation costs for the District. Vice-President Raimondo stated the Sanitary District is working diligently to obtain State funding for the District's portion of the Wastewater Treatment Plant Upgrade Project.

4. DISCUSSION OF DISTRICT CAPITAL IMPROVEMENT PROJECTS

District Manager, Bill Callahan, reported on current and projected CIP, including projected costs. In addition to the Wastewater Treatment Plant Upgrade Project, CIP include rebuilding Lift Stations 3 and 5, current and future sewer line replacements, generator replacements, and property acquisition for a maintenance shop to house District vehicles and equipment.

Rich Sadowski and Marla Bruton, from Morro Bay, asked the Board to consider a regional plan where a single wastewater treatment plant will serve Morro Bay, Cayucos and Los Osos.

Arley Robinson asked if the Sanitary District will be expanding the urban service lines. Enns answered that the upgrade is addressing full build-out.

Bonnie Connelly, Administrative Services Officer, reported on sources of capital financing. She pointed out the pros and cons of using District reserves to pay for short term projects, such as replacement equipment and items with short useful lives, and for line repairs/replacements. She stressed, nevertheless, the importance of maintaining those reserves to meet debt service requirements of loans, to be available to cover unforeseen expenses from natural disasters, new laws or requirements governing sanitary sewer systems and to ensure a high credit rating when securing financing. In addition, the interest earned on reserves is generally greater than projected borrowing rates.

Connelly reported that with District revenue program analysis and Carollo Engineers' Draft Revenue Program (received in May 2007) tiered monthly sewer user rate increases over the next five fiscal years (from \$28.00 to, ultimately, \$52.00 in July 2011) and a sewer connection fee increase (from \$5,000 per connection to \$7,960, effective sixty days after Board adoption) are proposed. Financing for property acquisition and several major capital improvement projects is also being considered, along with financing the District's portion of the Wastewater Treatment Plant Upgrade.

President Enns indicated he received funding guidelines for the Wastewater Treatment Plant Upgrade Project at the Ocean Protection Council meeting he attended June 14. He pointed out that applications for grant funding cannot be submitted until the plans for the upgrade are completed and the project is ready to go.

Enns reported that notices would be sent out to all ratepayers apprising them of the proposed rate increases, and the date, time and place of the Public Hearing. Anyone may submit a written protest against the proposed rate increases. If 51% of ratepayers were to submit protests, the proposal would not go into effect.

Dorothy Fones and Arley Robinson commended the Board of Directors and staff on the informative meeting and expressed disappointment there were not more community members in attendance.

##### 5. ADJOURNMENT

The meeting was thereafter adjourned.

Minutes recorded by: \_\_\_\_\_  
Nancy Martin