

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

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

**REGULAR MEETING  
MINUTES  
Thursday, May 16, 2013  
6:00 p.m.**

**1. ESTABLISH QUORUM AND CALL TO ORDER**

President Enns called the meeting to order at 6:00 p.m.

Board members present: President Robert Enns, Director Dan Chivens and Director Dan Lloyd. Director Michael Foster arrived at 6:06. Director Shirley Lyon was absent

Staff present: District Manager Rick Koon and Administrative Services Accounting Manager Anita Rebich

**2. PUBLIC COMMENTS**

President Enns opened the meeting to Public Comments. Hearing none President Enns closed Public Comments.

**3. DISCUSSION OF DISTRICT INVESTMENTS WITH KAREN SHANLEY- INVESTMENT ADVISOR,**

Karen Shanley, President of Shanley & Assoc. handed out an update on our current investments and reported her latest findings. She reviewed with the Board three different Exchange Traded Funds (ETF's) that are a tradable type of mutual fund that hold 100% US Treasuries. She provided these as an alternative to money market funds stating we need to reduce our holdings of money market funds to reduce our risk should there be a "run" on money market funds resulting in devaluation. Shanley also suggested we keep the amount of monies we currently have in CD's in place, and possibly look again at the Local Agency Investment Fund (LAIF) as they appear to be a bit more stable than in past years. The California Municipal Bond that Shanley was looking at (discussed in last month's meeting) had a call date of August 1, 2013, so that wasn't an advisable investment. Shanley was asked about Treasury Bonds and gave the example that you can get a 3 year Treasury Bond for .18%, pay a premium of .25% and depending on the market, this could result in a loss. This is why the ETF's are a better option. Director Chivens stated that he has heard over the last couple meetings that we have an overconcentration in the money market funds, we need to correct this. Manager Koon questioned why we don't invest some of that money in our own capital improvements to improve our posture when we do go for SRF funding. The better we look as a District the easier it will be to obtain the required funding. The Board agreed that our infrastructure is important and this is something that we need to stay on top of. Shanley will look further into the ETF's and will watch for longer term bonds being sold mid-term as another option, since they may hold higher interest rates.

**4. CONSIDERATION TO WITHDRAW CD FUNDS FROM COAST NATIONAL BANK-MORRO BAY AND REINVEST**

Manager Koon recapped the scenario behind the Coast National Bank CD and the need to move it to another financial institution. Director Lloyd suggested we look at all options, including investments outside California, which may offer better rates. Director Foster suggested we take a look at LAIF again.

**MOTION:** 1<sup>st</sup> by Chivens 2<sup>nd</sup> by Lloyd to Withdraw CD funds from Coast National Bank-Morro Bay prior to the expiration of the FDIC coverage and re-invest. Investment options will be presented and discussed at the June Board of Directors meeting.

**VOTE: 4-0** Motion passed.

**5. CONSIDERATION TO APPROVE INVOICES FROM THE CITY OF MORRO BAY**

**A. 3<sup>RD</sup> QTR 2012/13 WWTP UPGRADE INVOICE IN THE AMOUNT OF \$1,700.66**

Director Lloyd had a few questions for Manager Koon on the totals shown. Director Foster questioned the capitalizing of the legal fees, especially for Feb-Apr since this project has been declared dead. Manager Koon stated we would review this with our accountants as they were here performing the pre-audit and would be able to advise us on how to handle these costs.

**MOTION:** 1<sup>st</sup> by Lloyd 2<sup>nd</sup> by Foster to Approve Payment of 3<sup>rd</sup> Qtr 2012/13 WWTP Upgrade Invoice in the amount of \$1,700.66.

**VOTE:** 4-0 Motion passed.

**B. 3<sup>RD</sup> QTR 2012/13 WWTP OPERATIONS & MAINTENANCE INVOICE IN THE AMOUNT OF \$105,842.43**

Manager Koon stated the Board members were given a handout of a revised invoice in the amount of \$107,034.16 from the City of Morro Bay for the 3<sup>rd</sup> Qtr 2012/13. The revision was a result of corrected flow totals for March from Keogh.

**MOTION:** 1<sup>st</sup> by Lloyd 2<sup>nd</sup> by Chivens to Approve Payment of 3<sup>rd</sup> Qtr 2012/13 WWTP Operations and Maintenance Invoice in the amount of \$107,034.16.

**VOTE:** 4-0 Motion passed.

**6. REVIEW AND DISCUSSION OF FY 2013/14 WWTP O&M DRAFT BUDGET**

Manager Koon presented the 2013/14 WWTP Operations and Maintenance Draft Budget and stated he is awaiting more information from Keogh on the salary numbers. Manager Koon questioned why the salaries are going up but the benefits remained the same. Manager Koon brought to the attention of the Board the Major Maintenance and Repair Projects (MMRP) totaling around \$1.2 million of which our portion is approximately \$330,000±. Manager Koon asked the Board to review this document and have any questions ready for the JPA meeting in June. President Enns stated that we need to make sure that we make the repairs to carry the plant through the needed 7+ years of operation and not beyond. Manager Koon explained we need to concentrate on screening, if the screening is effective, everything behind it has less wear and tear.

**7. REVIEW AND DISCUSSION OF 2013/14 CAYUCOS SANITARY DISTRICT DRAFT BUDGET**

**A. OPERATING BUDGET**

Manager Koon presented the Draft Operating Budget for review and questions. He pointed out that with the exception of the WWTP O&M budget increasing due to the MMRP, the remainder of the budget decreased from last year. The draft budget will be presented at the June Board of Directors meeting for approval.

**B. CIP BUDGET**

Manager Koon presented the Draft CIP Budget for review and questions. He pointed out that the most critical items were addressed in this year's budget. President Enns asked about the 15" Siphon Redesigned project and Manager Koon explained the need for the redesign to prevent the possibility of any spills in Morro Bay and to check the actual condition and workability. Director Lloyd said he would like to see a system looked into for accurate line information (GIS). Manager Koon reported we are looking into a new camera system to help identify the condition of our pipe which will allow timely upgrade and repair. Director Foster stated our most valuable asset is our lines, he asked if we know the useful life of our lines and this goes along with Director Lloyd's suggestion for an accurate line monitoring system to keep up with our needs. Manager Koon said that his note at the bottom of the page referred to a new Jetter/Vac unit but in lieu of this they are looking at a separate trailer mount vac since a combo unit holds much less water than a single trailer mount. Koon also stated that if we are going to commit to a new camera, we have to commit to repairs to achieve the most benefit from the purchase. Lloyd would like to see the budget include the camera, a GIS system and the associated recordkeeping. The final draft CIP budget will also be presented at the June Board of Directors meeting for approval.

**8. UPDATE FROM THE AD-HOC COMMITTEE ON CONCEPTUAL ALTERNATIVES ANALYSIS FOR WASTEWATER TREATMENT PLANT PROJECT**

Manager Koon reported WSC is putting numbers to their matrix and will need another 2-3 weeks before it's ready for presentation.

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

A. Manager Koon’s report was accepted as presented.

**10. CONSENT CALENDAR**

A. Approval of Minutes for the April 18, 2013 Board of Directors Meeting

**MOTION:** 1<sup>st</sup> by Lloyd, 2<sup>nd</sup> by Foster to Approve the Consent Calendar as presented.

**VOTE: 4-0** Motion passed.

**11. BOARD MEMBER COMMENTS**

None to record.

**12. SCHEDULED MEETINGS**

A. **Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting:** *Date:* June 13, 2013, Hosted by Cayucos Sanitary District, *Location:* Cayucos Vets Hall, 10 Cayucos Drive, *Time:* 6:00pm

**13. SCHEDULE AGENDA ITEMS FOR THE JUNE 20, 2013 BOARD MEETING**

Director Lloyd would like more information brought to the Board on a GIS system

Director Foster requested the Investment Committee present an update on the investments of the District Cayucos Sanitary District Budgets for FY 2013/14 Operations and CIP

**14. ADJOURNMENT**

The meeting adjourned at 8:21

Minutes recorded by: \_\_\_\_\_  
Anita Rebich, Clerk to the Board