

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

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

SPECIAL MEETING
MINUTES
JUNE 16, 2010

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:10 p.m.

Board members present were President Enns, Vice-President McHale and Directors Fones, Lyon and Foster.

Staff present was District Manager Callahan, Administrative Services Officer Brookins and Administrative Services Technician Martin.

Consultant present was Dale McGee, Catalyst Consulting.

Visitor present was Dorothy Fones.

2. PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION:

Present Enns announced Closed Session.

3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government Code Section 54957
Title: District Manager

RECONVENE TO OPEN SESSION: 6:00 PM

The meeting reconvened at 6:15 p.m.

4. ANNOUNCE ACTIONS TAKEN IN CLOSED SESSION

President Enns reported that the District has enlisted Dale McGee of Catalyst Consulting to assist in arranging performance evaluation of District Manager, Bill Callahan.

5. PUBLIC COMMENTS

Dorothy Fones commented on how pleased she is that the Sanitary District and Morro Bay have chosen to upgrade the Wastewater Treatment Plant to full tertiary and hopes the public is aware of the direction chosen.

6. DISCUSSION OF PROPOSED DISTRICT BUDGET FOR THE 2010-2011 FISCAL YEAR WITH
CONSIDERATION TO APPROVE

A. OPERATING BUDGET

ASO Brookins written report and proposed Budget were received. He reported that although projected tax revenue remains flat, with the July 1, 2010 sewer rate increase and conservative spending, the District remains on good financial footing. The Budget Committee (Enns, Foster committee members) met in May and recommended approval of the FY 2010-2011 budget.

MOTION: First by McHale with second by Lyon to approve the 2010-2011 Fiscal Year Operating Budget as presented. VOTE: 5-0

B. CAPITAL IMPROVEMENT AND EQUIPMENT BUDGET

ASO Brookins' written report and proposed Capital Improvement (CIP) and Equipment Budget were received. The report included Budget Committee recommendations from the May meeting. The committee recommended funding the purchase of a new crane truck (\$48,600.00). Brookins reported staff has looked into purchasing a 2010 Ford F550 diesel truck and asked the Board to consider increasing the allocation to \$62,612.00. The committee also suggested bidding out each portion of the O&M Garage and Shop project with the District hiring or acting as project manager, rather than having a general contractor assume responsibility for the entire project.

MOTION: First by Lyon with second by Fones to approve the 2010-2011 Fiscal Year (FY) Capital Improvement and Equipment Budget per committee recommendations and increasing the crane truck to \$62,612.00. VOTE: 5-0

Vice-President McHale and Director Foster have a conflict of interest on items regarding the proposed O&M Garage Project due to the proximity of their personal residences.

MOTION: First by Lyon with second by Enns retracting the motion to approve the 2010-2011 FY Capital Improvement and Equipment Budget as set forth above and voted on, and approving the 2010-2011 FY Capital Improvement and Equipment Budget, increasing the crane truck to \$62,612.00 and amending the committee recommendation for the O&M Garage Project, awarding the contract to a General Contractor.

VOTE: 3-2 (McHale and Foster abstaining).

McHale and Foster were reseated.

7. CONSIDERATION TO APPROVE PAYMENT OF THE 3RD QUARTER INVOICE FROM THE CITY OF MORRO BAY FOR WWTP EXPENDITURES

ASO Brookins' written report was received, recommending approval of the 3rd Quarter Invoice.

MOTION: First by Fones with second by Lyon to approve payment of the 3rd Quarter Invoice from the City of Morro Bay for WWTP expenditures. VOTE: 5-0

Director Foster asked to meet with ASO Brookins to discuss budgeted WWTP insurance expenditures.

8. STATUS REPORT ON THE DISTRICT OPERATIONS AND MAINTENANCE GARAGE PROJECT
Manager Callahan's written report was received. He anticipates release of the building permit in July with construction commencing mid-August. President Enns recommended discussing project management at the July Board meeting.

9. DISCUSSION OF CURRENT PROJECT DELIVERY METHOD FOR THE MORRO BAY CAYUCOS WWTP WITH CONFIRMATION OF CURRENT PROJECT DIRECTION

Manager Callahan's written report was received. Montgomery Watson Harza (MWH) was awarded the contract to design the new Wastewater Treatment Plant, using the "Design, Bid, Build" delivery method. Callahan reported that PERC Water has offered to do a Customized Design Report (CDR) at no cost, using their "Design, Build, Operate, Finance" delivery method. The City and District have agreed to have an independent analysis/peer review of both projects when the CDR is available. Board members stressed the importance of the project time line in the evaluation of the two projects, in that a change in direction could delay the project completion date and result in fines.

Visitor Dorothy Fones asked if PERC has references available besides the Santa Paula facility. Director Foster stated that Gail Washburn, Fillmore WWTP, wishes to address the City and District.

Director Foster recommended formation of a TAC finance and risk management subcommittee to review economic and financial aspects of the WWTP Upgrade project. Enns suggested presenting the idea at the July 15 TAC meeting.

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

The reports were received and filed.

The Board discussed attorney fees and directed staff to look into the feasibility of District counsel operating on a retainer rather than an hourly basis.

11. CONSENT CALENDAR

- A. Approval of Minutes for the May 19, 2010 Regular Board of Directors Meeting
- B. Approval of Minutes for the May 25, 2010 Budget and Finance Committee Meeting
- C. Approval to pay outstanding bills as of June 16, 2010

MOTION: First by McHale with second by Fones to approve the Consent Calendar in its entirety. VOTE: 5-0

12. BOARD MEMBER COMMENTS

13. MEETINGS, CONFERENCES, AND SEMINARS:

- A. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting, Date: July 8, 2010, Hosted by: Cayucos Sanitary District, Location: TBD, Time: 6 p.m.

Manager Callahan reported that WWTP TAC meetings are scheduled for June 17, 2010, at the Morro Bay Vets' Hall, 1:00 p.m., and July 15, 2010 in Cayucos.

14. SCHEDULE AGENDA ITEMS FOR THE JULY 21, 2010 BOARD MEETING

- Discuss O&M Garage and Shop Project management

15. ADJOURNMENT

The meeting adjourned at 7:48 p.m.

Minutes recorded by: *Nancy Martin*
Nancy Martin, Administrative Services Technician