

AGENDA NO. 10A
DATE 4/16/2008

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 MEETING
March 19, 2008

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:10 p.m., Wednesday, March 19, 2008.

Board members present: President Robert Enns, Vice-President Nat Raimondo and Directors Shirley Lyon, Bud McHale and Hal Fones

Board members absent: None

Staff present: District Manager Bill Callahan, Admin. Services Officer Bonnie Connelly, Admin. Services Tech. Nancy Martin and WW Collection System Maint. Tech. Dave Zevely.

Visitors: Architect Jon McAlpin (Omni Design Group, Inc.), Engineer Jon Hanlon (Boyle Engineers, Inc.), District Financial Advisor Karen Shanley and Dorothy Fones

2. PUBLIC COMMENTS

There were no comments received.

3. CONSIDERATION TO ACCEPT FY 2006/2007 AUDIT, AS PREPARED BY MOSS, LEVY AND HARTZHEIM, CPA'S

The Item was tabled as Administrative Services Officer Connelly reported the FY 2006/2007 Audit would not be ready for acceptance until the next regular Board meeting.

It was the consensus of Board members to address agenda Items 6, 5 and 8 before Item 4.

6. CONSIDERATION TO APPROVE REQUEST FROM BOYLE ENGINEERING FOR OUT OF SCOPE SERVICES FOR TASK ORDER NO. 6: ENGINEERING

SERVICES FOR THE REPLACEMENT OF FORCE MAIN SUPPORTS ON THE TORO CREEK BRIDGE IN THE AMOUNT OF \$2,200.00

Manager Callahan's written report was received. Requirements of Cal Trans have necessitated Boyle Engineering to devote additional time for preparation of the contract documents and specifications for the Toro Creek Bridge Project.

MOTION: First by McHale with second by Raimondo to approve the budget amendment for out of scope services for Task Order No. 6, in an amount not to exceed \$2,200.00. VOTE: 5-0

5. DISCUSSION OF THE PROPOSED PHASE III PIPELINE REHABILITATION PROJECT WITH CONSIDERATION TO APPROVE TASK ORDER NO. 4 FROM BOYLE ENGINEERING: DESIGN, ENGINEERING AND CONSTRUCTION SERVICES FOR THE PHASE III SEWER LINE REHABILITATION PROJECT IN THE AMOUNT OF \$89,869.00

Manager Callahan's written report was received, with a brief description of each location of proposed sewer main rehabilitation. He pointed out that Location 10 (Cypress Glen) will not be a part of the proposed project as the level of repair described has been determined to be unnecessary. Director Fones asked for more information on the project and to see the locations mapped out. President Enns suggested the O&M Technical Advisory Subcommittee (Enns and Fones, committee members) meet with Manager Callahan and Jon Hanlon to view videos of the damaged lines, as well as maps of the locations to be repaired, and for further discussion.

MOTION: First by Fones with second by Lyon to table the item and to schedule an O&M Technical Advisory Subcommittee meeting, with further discussion and consideration of the project at the next Board meeting. VOTE: 5-0

8. CURRENT REPORT ON DISTRICT INVESTMENTS (Shanley)

District Financial Advisor, Karen Shanley, provided Board members with a hand-out recapping District investments and including information on Treasury Bonds. Shanley reported that one investment could be called in June but does not expect it to, as most banks are holding on to cash (hoarding). She related speaking (via conference call) with the Investment Committee (Raimondo, committee member), Officer Connelly and Manager Callahan and, based on her strong recommendation, was given direction to allocate the majority of District money market funds to a New Money Market (100% US Treasuries), with treasuries offering more security than pooled accounts. Shanley recommended staying short at present, rolling treasuries approximately every three months ("laddering") to ensure liquidity and the highest returns, of investing at least \$500,000 per treasury, and to establish an account to buy direct. Ms. Shanley will report back to the Board in June.

Officer Connelly read from the new account(s) prospectus where it was stated that, "The Shares offered by this prospectus are not deposits or obligations of any bank, are not endorsed or guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance corporation, the Federal Reserve Board, or any other government agency." She stated that LAIF and another pool or municipal and governmental agencies, CAMP, were still yielding 3.7%±.

4. CONSIDERATION TO APPROVE PROPOSAL FROM OMNI DESIGN SERVICES FOR DISTRICT OFFICE REMODEL AND NEW OPERATIONS & MAINTENANCE SHOP

Director McHale excused himself, citing conflict of interest on the basis that he lives within 500 feet of the proposed construction project site.

Manager Callahan's written report was received. He recommended the Board approve the Omni Design Group proposal in an amount not to exceed of \$93,000.00. Jon McAlpin, Architect from Omni, had submitted the project proposal, the "draft" Pre-Design Report and Design and Construction Timeline. President Enns expressed concerns with the expected costs for the design phase of the project and of services not included in the proposal, and felt the project should not take two years to complete. It was the consensus of the Board for an ad hoc committee, consisting of President Enns and Director Lyon, and Director Callahan meet with Mr. McAlpin to examine options, including a phased project.

MOTION: First by Lyon with second by Fones to table the item with direction to Callahan to schedule an ad hoc committee meeting to further discuss options. VOTE: 4-0 (with McHale abstaining)

7. DISCUSSION OF PRELIMINARY GRAPHICAL ANALYSIS OF BASIN 417 (SOUTH CAYUCOS) INFLOW AND INFILTRATION FLOW METER DATA (Zevely)

Collection System Technician, Dave Zevely, provided Board members a handout of flow graphs, rainfall totals and a map of the data-gathering area. He reported inflow was reduced considerably in the study area by redirecting water runoff from pooling over a manhole cover there, but added that he expects other sources of inflow will be discovered through further examination of data collected. Zevely and Manager Callahan believe the District's inflow and infiltration problem will be alleviated through the use of monitoring flow meters, although they expect analyzing the huge volume of data will take considerable time. Director Lyon suggested staff contact other communities to discuss their means of I&I control. Zevely was commended on his report and presentation.

9. DISCUSSION OF DIRECTORS FEES AS THEY PERTAIN TO WORKSHOPS, COMMITTEES, SEMINARS, AND MEETINGS WITH CONSIDERATION TO APPROVE POLICY MODIFICATIONS

Administrative Services Officer Connelly's written report was received. Current policy governing Directors Fees was discussed at the February 20 Board meeting and Connelly's report included potential changes to policy, as discussed at that meeting. Board members asked that section 4025.4.3 d) of Policy No. 4025 read, "No compensation in the form of Director fee will be paid for traveling to and from a training session, workshop or conference;" and to strike the word "be" in section 4060.06, line 7, of Policy No. 2060.

MOTION: First by Lyon with second by McHale to adopt changes to District Board Policy No. 4025 (District Remuneration and Expenditure Reimbursement) and No. 4060 (Committees of the Board of Directors) as further amended. VOTE: 5-0

10. CALPERS RETIREMENT:

A. Personnel Committee Report of March 3, 2008 Meeting (McHale/Lyon)

Directors Lyon and Mchale reported briefly on the March 3 Personnel Committee Meeting and suggested the Board consider a PERS retirement contract formula of 2.5%, if funds are available. Mchale also recommended examination of the entire employee compensation package annually.

B. Discussion of CalPERS Retirement Formula & Benefit Enhancements

Administrative Services Officer Connelly's written report was received and budgetary impact of the different contract formulas was examined. The report shows that in Fiscal Year 2008/2009 the District stands to be under budget by \$5,128 if there are no changes to the benefit formula plan, over budget by \$4,420 if a 2.5% @ 55 plan is enacted, and over budget by \$14,723 if a 2.7% @ 55 plan is enacted.

C. Discussion of Procedure to Follow for Labor Negotiations Involving Unrepresented Employees

Items to be included for discussion at the next monthly Board meeting were:

- The entire, fully-burdened employee compensation package
- Comparison of similar district's compensation packages
- Formalization of negotiation process

MOTION: First by Mchale with second by Fones to table the item and to continue discussion at the next regular Board meeting. VOTE: 5-0

11. DISCUSSION OF POTENTIAL AMENDMENT TO THE CURRENT 2008 BOUNDARIES OF THE CAYUCOS SANITARY DISTRICT SERVICE AREA (TRA#063020)

Manager Callahan's written report was received. The issue of boundaries of the District Service Area and Sphere of Influence were brought to the Board's attention at the February meeting and Callahan was directed to report back in March after meeting with David Church from the Local Agency Formation Commission (LAFCO). LAFCO's service area map for Cayucos shows an area that is within the District's Service Area but is not being served by the District at this time. Mr. Church stated the District could have the area "detached" from the Service Area at an estimated cost of \$8,395.00. Callahan was directed to contact District Counsel, Tim Carmel, for legal direction in the matter and to report back, as information is available.

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

A. District Manager's Report (Callahan) – February 2008

Manager Callahan's written report was received and he answered questions from Board members.

B. Administrative Services Officer's Report (Connelly) – February 2008

Officer Connelly's written report was received.

C. Operations and Maintenance Report – February 2008
Technician Zevely's written report was received. He reported that the use of a mat which seals the wet well at Lift Station 2 has effectively reduced odors as well as operating noise at the lift station. He added that Bioxide usage will, therefore, be reduced.

13. CONSENT CALENDAR

- A. Minutes of Regular Board Meeting, February 20, 2008
- B. Minutes of Personnel Committee Meeting, March 3, 2008
- C. Approval to Pay Outstanding Bills as of March 19, 2008

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

14. BOARD MEMBER COMMENTS

15. MEETINGS, CONFERENCES, AND SEMINARS

- A. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting, May 8, hosted by Morro Bay, Location: Morro Bay Veterans Hall, 6:00 p.m.

16. SCHEDULE AGENDA ITEMS FOR THE APRIL 16, 2008 BOARD MEETING

- District Service Area boundaries
- CalPERS Retirement
- District O&M shop and office remodel
- Phase 3 Line Replacements Project
- FY 2006/2007 Audit

17. ANNOUNCEMENT OF CLOSED SESSION ITEMS:

Closed Session was announced at 9:25 p.m.

CLOSED SESSION:

18. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

RECONVENE TO OPEN SESSION:

19. ANNOUNCE ANY ACTIONS TAKEN IN CLOSED SESSION

The meeting reconvened to Open Session at 9:40 p.m. There was no action to report.

20. ADJOURNMENT

The meeting was adjourned at 9:45 p.m.

Minutes recorded by: *Nancy Martin*
Nancy Martin