

CAYUCOS SANITARY DISTRICT
200 Ash Avenue
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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, June 20, 2013
6:00 p.m.**

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:04 p.m.

Board members present: President Robert Enns, Vice-President Dan Chivens, Director Shirley Lyon and Director Dan Lloyd. Director Michael Foster arrived at 6:05.

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. CONSIDERATION TO APPROVE MAJOR MAINTENANCE AND REPAIR PLAN (MMRP) PORTION OF FY 2013/14 CITY OF MORRO BAY WASTEWATER TREATMENT PLANT (WWTP) BUDGET

President Enns reported that the visit to the WWTP was very informative. Director Lloyd stated he got more understanding out that visit than he ever imagined. Manager Koon said it was interesting to see and they all gained a better understanding of the items that are listed on the MMRP and why they need repair and maintenance. President Enns was impressed at how much of the work is done in-house by the Morro Bay staff.

MOTION: 1st by Lloyd, 2nd by Lyon to Approve the Major Maintenance and Repair Plan (MMRP) Portion of the FY 2013/14 City of Morro Bay Wastewater Treatment Plant (WWTP) Budget in the amount of \$1,040,000.00.

Director Foster asked if we could do like we do here at the District, that as the need for these expenditures arises, they can be brought before the Board for approval. Director Lloyd stated that once you approve the budget, it is what it is. Manager Koon clarified that how and when the expenditures happen are under the City of Morro Bay's jurisdiction.

VOTE: 5-0 Motion passed.

4. UPDATE OF DISTRICT INVESTMENTS BY FINANCE COMMITTEE

Manager Koon updated the Board on the recent purchases from the Money Market Reserve account made by Karen Shanley. There was a purchase in May of \$43,286 in US Treasury Bonds that mature in 2019 with a yield-to-maturity of 1.119%, and another purchase at the beginning of June for \$1,000,000 (face value) of US Treasury Bonds that mature 5/2018 with a yield-to-maturity of 0.948%.

**5. CONSIDERATION TO APPROVE FY 2013/14 CAYUCOS SANITARY DISTRICT DRAFT BUDGET
A. OPERATING BUDGET**

Manager Koon presented the Draft Operating Budget for FY 2013/14 and reported there were a few minor changes from the draft presented to the Board in May. Director Foster asked about the expense total for Professional Services in general and Legal Services specifically. Director Foster's concern was if the actual expenses for legal services were being reflected here or if some of the expenses were budgeted under Capital

Improvement Projects (CIP) like the WWTP. Manager Koon explained as in the past, the legal fees for any new WWTP project will code to the CIP but the legal fees related to the existing WWTP operations (including JPA related items) will code to Professional Fees Legal and have a sub-classification to be able to pull out those expenses from District general legal items.

MOTION: 1st by Lyon, 2nd by Chivens to Approve the FY 2013/14 Cayucos Sanitary District Draft Budget

VOTE: 4-1(Foster-No) Motion passed.

B. CIP BUDGET

Manager Koon presented the Draft CIP Budget and reviewed the projects for the Board. President Enns inquired about how we purchase this camera system and stay within competitive bidding guidelines. Manager Koon stated this system is a proprietary system and there are realistically only two cameras to consider. The one proposed in the budget (3T Corp) is the only mobile camera system; the other is a truck mounted system which is not conducive to our needs. Director Lyon asked if we could approve the camera purchase tonight with the adoption of the budget. Lloyd said he was good with that and asked if education is included in the budget number presented for the GIS System Program. Manager Koon responded that additional monies for education would only be needed if we were to go with specific GIS software other than the POSM software that our current camera and the new camera both use. President Enns asked if all the items listed "for consideration" are all expected to get done this fiscal year. Manager Koon elaborated on individual projects stating that some are higher priority than others and realistically the Chaney to Toro Sewer Main project won't get started this year. Director Foster asked that we clarify the projects we are approving. President Enns recommended we remove the Chaney to Toro Sewer Main project from this year's budget.

MOTION: 1st by Lloyd, 2nd by Foster to Approve the CIP Budget for the items listed "Capital Projects under Consideration for 2013/14" and removing the Chaney to Toro Sewer Main Redesign and Replacement project from the budget, also authorizing the immediate purchase of the Main Line Camera System.

VOTE: 5-0. Motion passed

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

Manager Koon reported that WSC was working on the various scenarios and was scheduled to have a re-draft completed by 7/2/13. The next meeting with WSC is on 7/9/13. Director Lloyd asked if there was any discussion and costs being generated for operations and maintenance (O&M) of our own WWTP. Manager Koon stated they have included costs for O&M but this doesn't include current O&M for the existing WWTP. This is to allow for apples to apples comparisons and not co-mingle new O&M costs with the existing WWTP O&M costs. President Enns stated that regarding the CMC site, the existing plant capacity is 1.3 mgd/day and if you add the MB/Cayucos flow of 1.2 mgd/day a mirror plant size would needed to double the capacity, but the operating costs would not necessarily double. Director Lloyd asked if it would behoove us to start our own communications with CMC. Manager Koon recommends waiting until we get our report in July. We'll then share the report with RWQCB, California Coastal Commission, County of San Luis Obispo and the City of Morro Bay.

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

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

8. CONSENT CALENDAR

A. Approval of Minutes for the May 16, 2013 Board of Directors Meeting

MOTION: 1st by Lyon, 2nd by Chivens to Approve the Consent Calendar as presented.

VOTE: 5-0 Motion passed.

9. BOARD MEMBER COMMENTS

President Enns referenced a letter sent to all the Board members and Manager Koon from the Construction Industry Force Account Council (CIFAC) regarding several projects completed this year and the requirements of the UPCCAA and bidding procedures. President Enns went on to comment that Director Foster had, previous to the CIFAC letter, asked for discovery on several items referenced in the CIFAC letter and he (Enns) took Foster's request and comments seriously. Manager Koon had prepared a confidential report in response to Foster's request, and that report was issued from Legal Counsel Carmel to Enns and Foster. Enns also stated that Director Foster told him that he wasn't interested in serving on the Board any longer and once this matter was resolved, he (Foster) would resign his position as Director. Director Foster had a meeting with Carmel in Carmel's office to discuss the report and Foster left the meeting stating he was fine with it all. Many of the items addressed in Manager Koon's report are mentioned in this letter from CIFAC and neither himself (Enns), Carmel or Koon shared the contents of this confidential report with anyone. President Enns went on to say it's obvious that Foster wasn't satisfied after the meeting in Carmel's office and asked Director Foster to speak on the matter.

Director Foster acknowledged that he indeed did say he would step down from the Board but not until this matter is resolved for good. He (Foster) feels he's not getting the responses he's asking for. Foster admitted that he did contact the CIFAC to get the rules on the UPCCAA, he went on stating that we are a public agency, it's all public record. Foster said he didn't give the CIFAC Manager Koon's report; he only talked to them about it. President Enns asked Manager Koon to summarize his recommendations from the letter. Manager Koon stated that going forward the District will abide by the UPCCAA rules and the Board will vote on the award of all contracts. Manager Koon also pointed out that our Ordinance No. 29 and Resolution 2012-7 contradict each other. Director Lloyd said we now have an awareness of what the procedures are. Director Foster retorted that he's not sure we do. Director Lyon said she wants to let this go, stop the negativity and wants to see positive energy. Chivens stated that if we have any discrepancies between our ordinances and resolutions we need to fix this so everything is clear. Director Foster stated he is tired of trying to keep the District in compliance with the law. Director Lyon stated we are exonerated per the letter from the CIFAC. Director Lloyd summarized that this process should have gone a different direction.

Director Lloyd mentioned the upcoming CSDA Board of Directors election and stated that he would like the Board to weigh in on the candidates. The item will be put on the July agenda for vote. Director Lyon asked Lloyd for his recommendation and his (Lloyd) response was he felt Tim Ruiz had the best qualifications.

10. SCHEDULED MEETINGS

- A. Morro Bay-Cayucos Wastewater Treatment Plant (JPA) Meeting:** *Date:* TBA, *Hosted by* City of Morro Bay, *Location:* TBA, *Time:* 6:00pm

Manager Koon stated there will more than likely not be a JPA meeting in July; August is questionable so the next JPA meeting is tentatively scheduled for September 12, 2013 and that would be in Morro Bay.

11. SCHEDULE AGENDA ITEMS FOR THE JULY 18, 2013 BOARD MEETING

WSC Report to be presented and recommendations for action
CSDA Board of Directors Election Ballot Vote
Report from Legal Counsel Carmel on the impacts of having Manager Koon as an employee

12. ADJOURNMENT

The meeting adjourned at 7:48 p.m.

Minutes recorded by: _____
Anita Rebich, Clerk to the Board