

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

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

REGULAR MEETING  
MINUTES  
MAY 19, 2011  
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 B. Enns, Vice-President Hal Fones, and Directors Michael Foster and Dan Chivens

Board members absent: Director Shirley Lyon

Staff present: District Manager Bill Callahan, Administrative Services Officer (ASO) Lewis Brookins and Administrative Services Tech Nancy Martin

Consultants present: Architect Jon McAlpin (Omni Design Group) and District Financial Advisor Karen Shanley (Shanley & Associates)

Visitors present: Dorothy Fones

2. PUBLIC COMMENTS

There were no public comments.

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

Investment Advisor Karen Shanley provided a handout for Board members that included an overview of District investments as well as a listing of current offerings for discussion and consideration. She reported that returns for short-term investments remain low but that longer-term investments are beginning to ease up. With several Government investments maturing over the next few years, Shanley proposed the Board consider laddering short-term maturities, as well as investing in highly rated Municipal Bonds for a better return.

MOTION: First by Enns with second by Foster directing staff to:

- Implement laddering; and
- Invest up to \$1,000,000 of District idle reserves at \$250,000 per quarter; and
- Target interest return of 2% or greater for terms up to five years; and
- Require Board approval for any purchases maturing more than five years out; and
- Be exercised by District Manager Callahan, ASO Brookins, Director Foster; and
- Report at the next Board meeting following any purchase

VOTE: 4-0

4. DISCUSSION OF O&M GARAGE PROJECT CHANGE ORDERS WITH JON McALPIN FROM OMNI DESIGN GROUP

Manager Callahan's written report and recently approved change orders were received. At this point, credits from change orders are greater than those that increased project costs. Architect McAlpin and Callahan answered questions regarding the change orders, expressing frustration with problems that have arisen from the County required sidewalk improvements. The Board commended McAlpin on the project and were pleased to hear that the majority of the project should be completed by the end of June.

5. CONSIDERATION TO APPROVE PRIOR YEAR WWTP CORRECTING INVOICES FROM THE CITY OF MORRO BAY

ASO Brookins' written report was received. The District recently received a bill for the District's portion of FY 2006/2007 Earthquake Insurance at the Wastewater Treatment Plant (\$44,242.97), as well as an interest charge for late payment of invoices for FY 2003/2004 (\$1,022.18). Additionally, the Public Works Director's labor for the EIR was not included in the latest WWTP Upgrade Project invoice (\$1,678.19). Brookins stated Morro Bay provided all documentation for the charges and recommended payment. Director Foster suggested requesting quarterly financial statements from Morro Bay and asked to examine WWTP audits from FY 2005/2006 and 2006/2007. Brookins indicated there are WWTP audit reports from previous years at the District office.

MOTION: First by Fones with second by Chivens to approve prior year WWTP correcting invoices from the City of Morro Bay and direct payment. VOTE: 4-0

6. CONSIDERATION TO APPROVE THREE YEAR AUDIT SERVICES AGREEMENT WITH MOSS, LEVY AND HARTZHEIM, CPAs

ASO Brookins' written report recommending approval of a three-year Audit Services Agreement with Moss, Levy & Hartzheim, CPAs was received. The CPA presents the final audit to the Board of Directors for approval at a regular Board meeting. Director Foster indicated he would like to obtain an estimate for expanded services with regard to internal control procedures, as he would like the Board to meet with the CPA in closed session, without staff present, to discuss any concerns. Staff was directed to contact District Counsel for direction.

MOTION: First by Foster with second by Fones to approve a Three-Year Audit Services Agreement with Moss, Levy and Hartzheim, CPAs, through FY 2012/2013. VOTE: 4-0

7. REVIEW AND DISCUSSION OF DRAFT BUDGET FOR THE 2011-2012 FISCAL YEAR

Directors and staff discussed the "Draft" Budget for FY 2011/2012, as presented by ASO Brookins. Brookins reported that the District remains financially sound through conservative spending, secure investments, and maintaining a steady revenue flow. He stated that District employees have voted unanimously to offset the 2% increase in employer-paid PERS retirement costs effective July 1, 2011, by reducing Employer-Paid Member Contributions on behalf of the employees from 7% to 5% and correspondingly increasing Employee-Paid Member Contributions from 1% to 3%. The Board voiced their appreciation of staff's action.

8. REVIEW AND DISCUSSION OF DRAFT CAPITAL PROJECTS FOR THE 2011-2012 FISCAL YEAR

The "Draft" Capital Improvement and Equipment Proposal for FY 2011/2012 was received. It includes ongoing sewer line repair/replacements, the relocation/upgrade of Lift Station 3, a new motor control center (MCC) at Lift Station #5, and 10% retention for the O&M Garage & Shop Project (assuming the project is completed by the end of FY 2010/2011).

9. DISCUSSION OF DRAFT MANAGEMENT GOALS FOR THE DISTRICT

Manager Callahan's written report was received. He reported on a management seminar he attended in April and provided information to Board members on strategic planning for longterm goals. Callahan asked the Board to review the document to gain a general understanding of the process, and continue discussion at the next Board meeting.

10. STAFF COMMUNICATIONS AND INFORMATION ITEMS

A. District Manager's Report (Callahan) – April 2011

Manager Callahan's written report was received. The County charges permit fees when the District repairs/replaces sewer mains. Additional fees are assessed when the surface of the road is disturbed (trench cutting). Callahan reported he met with County Supervisor Gibson to discuss those fees. Gibson stated the County could give a one-year lead into areas that are scheduled to be resurfaced so the District's line replacement projects can coincide with County resurfacing projects. Callahan indicated he would report further at the next regular Board meeting.

B. Administrative Services Officer's Report (Brookins) – April 2011

ASO Brookins's written report was received. He reported that single monthly billing will commence June 1.

11. CONSENT CALENDAR

A. Approval of Minutes for the April 21, 2011 Special Board of Directors Meeting

B. Approval to pay outstanding bills as of May 19, 2011

MOTION: First by Fones with second by Foster to approve Consent Calendar in its entirety.

VOTE: 4-0

12. BOARD MEMBER COMMENTS

Vice-President Fones announced he will be out of town for the month of June. Director Chivens will be out June 2 through June 11.

13. SCHEDULED MEETINGS

Morro Bay – Cayucos Wastewater Treatment Plant (JPA) Meeting

*Date:* June 9, 2011

*Hosted By:* Cayucos Sanitary District

*Location:* Cayucos Veterans' Hall

*Time:* 6:00 p.m.

14. SCHEDULE AGENDA ITEMS FOR THE JUNE 16, 2011 BOARD MEETING

- Budget/CIP
- Discussion of District Management Goals

15. ADJOURNMENT

The meeting adjourned at 8:50 p.m.

Minutes recorded by: Nancy Martin  
Nancy Martin, Administrative Services Tech