

CAYUCOS SANITARY DISTRICT
200 Ash Avenue
PO Box 333, Cayucos, CA 93430-0333
805-995-3290
805-995-3673(fax)

GOVERNING BOARD

R. B. Enns, President
N. Raimondo, Vice-President
H. Fones, Director
R. H. McHale, Director
S. Lyon, Director

MINUTES
REGULAR MEETING
December 19, 2007

OPEN SESSION:

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:00 p.m., Wednesday, December 19, 2007.

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

Board members absent: None

Staff present: District Manager Bill Callahan, Administrative Services Officer Bonnie Connelly, Wastewater Collection Worker (Trainee) Tim O'Marr, District Engineer Jon Hanlon, Architect Jon McAlpin, and Investment Advisor Karen Shanley

Visitors Present: Doug Michie

2. PUBLIC COMMENTS

There were no public comments received.

Manager Callahan brought a matter to the Board's attention concerning Notice of Preparation of a Draft Environmental Impact Report for the Los Osos Wastewater Treatment Plant Project stating that Board action would be required before the next meeting and that there was no opportunity for inclusion on the agenda due to its late notice and receipt from the County of San Luis Obispo.

MOTION: First by McHale with second by Fones to add to the meeting agenda consideration of a response to the County's Notice of Preparation of an EIR for the Los Osos Wastewater Treatment Plant based on the fact that there is an immediate need to take action and the need for action came to the attention of the Cayucos Sanitary District after the agenda was posted, as described in the report given by General Manager Callahan. Vote 5-0.

There was concurrence from the Board for District Legal Counsel to prepare a response to the County to put them on notice that the District, as co-owner of the Morro Bay-Cayucos WWTP-- and therefore an interested party, be copied on all future correspondence relating to the WWTP, and that the District must be noticed sufficiently ahead to allow for agenda inclusion and opportunity for public input and comments from the District's rate payers. In addition, the County should be apprised that the District intends to respond to certain representations made that were neither accurate nor feasible concerning the viability of the WWTP Upgrade Project for regionalized use to benefit Los Osos.

INTRODUCTION OF NEW SEWER COLLECTION WORKER (TRAINEE) TIM O'MARR:
District Manager Callahan gave a brief introduction to the Board welcoming Tim as a new staff member.

PROJECT ALTERNATIVES TO INCREASE HYDRAULIC CAPACITY ON MAIN STREET:
Jon Hanlon summarized his written report as a follow-up to the last meeting and having met with Director Fones. Jon reported that there are bad sections on the District's separate line, including sags and operational deficiency under existing flow conditions. He estimated that 3,600' of pipeline is currently beyond its useful life and undersized considering existing conditions and furthermore when projecting for buildout flow conditions to meet an estimated 2,800 gpm. He estimated the cost of construction to cure the defects to be \$2.9 million.

He related that what is currently the 12" joint line (with Morro Bay), has already been deemed deficient to handle both the District and City's flows--and in some areas there is deficiency considering sole use by the City. He reported that based on recent video inspection of the line, significant rehabilitation and repair would be necessary. Hanlon reported an estimated capacity need of the City predicated on 1,000 gpm and 2,800 gpm for the District. He felt that the most viable option would be to undertake a joint project with the City and that there would be the potential for a tremendous amount of extra capacity at not much higher cost. He estimated the cost to be \$3.2 million for this option.

MOTION: First by Fones with second by McHale for the District Manager to commence discussions with Morro Bay City staff on the feasibility of developing and conducting a joint project for Main Street. Vote: 5-0.

POTENTIAL REMODEL OF DISTRICT OFFICE TO INCORPORATE O&M SHOP AND CONFERENCE ROOM:

Jon McAlpin (Omni Design) provided a written report (handout) discussing the preliminary planning and needs assessment undertaken to date with District staff, and the adhoc advisory committee Director-members Lyon and McHale. Director McHale characterized the discussion points from the meeting he and Director Lyons had with District Manager and Jon McAlpin as (1) recommendation to reconfigure the existing District office for maximum efficiency of use; (2) potential of adding a second structure on the vacant portion of the lot to serve as a combination garage and shop with a second story that would serve as a multi-purpose/Board meeting room.

Jon recommended meeting with the Land Use Committee of the Advisory Council once a pre application meeting with the County has occurred, so as to familiarize the Council with the District project and elicit their support.

MOTION: First by McHale with second by Fones to accept Jon McCalpin's suggested work program to include a pre application meeting with the County Planning and Building on January 14, 2008 with District payment of a \$379 fee; and to approve a services agreement dated December 17, 2007 received from Omni Designs to conduct a topographic survey at an estimated cost of \$2,100 and boundary survey at an estimated cost of \$3,000. Vote: 5-0.

Jon stated that he would compile written comments from the meetings he conducted with staff and the ad hoc advisory committee as part of the overall planning and needs assessment package.

Director Raimondo recommended caution regarding the building project—in particular the second story, stating that the District needs to show restraint in terms of its needs versus its wants and to maintain control on spending so the wrong perception is not given to the community.

REVIEW OF FINANCIAL STATUS WITH CONSIDERATION TO REINVEST DISTRICT RESERVES:

Karen Shanley was present and gave the District Board an overview of the financial markets—and in particular, the sub-prime market. She recommended that since the impact and effects are not fully known as to what securities and investments might be secured by other paper and therefore impacted by the sub-prime market situation, she advocated the District consider moving some—or all of its cash reserves into a safer money market fund similar to the one the District maintains on account with her which is tied to U.S. Treasuries. She explained that the District would experience a small decrease in interest earned, however, in her estimation safety was paramount. The Board concurred with her assessment.

MOTION: First by Lyon with second by Fones to transfer the majority of funds (approximately \$1.2 million) on deposit with LAIF to the Treasury-based Money Market account held with Karen Shanley at Associated Securities Corp. Vote: 5-0.

CONSIDERATION TO ANNEX 320 CAYUCOS CREEK ROAD OWNED BY DOUG MICHIE:

MOTION: First by Lyon with second by Fones to accept the staff recommendation to approve the County of San Luis Obispo's resolution for annexation and exchange of property tax concerning Doug Michie's property known as 320 Cayucos Creek Road. Vote: 5-0.

MID-YEAR BUDGET ADJUSTMENT FOR SEWER LINE CLEANING:

Manager Callahan gave his written report stating that staff's method of estimating linear footage was in error based on sewer system overview maps not being correct when calculating from manhole to manhole, therefore, line cleaning fell short of the prescribed plan and would therefore require additional funds to conclude the task.

MOTION: First by Lyon with second by Fones to approve an additional allocation of \$6,300 for FY 07-08 sewer line cleaning. Vote: 5-0. There was discussion that the budget line item should remain intact and reflect the budget overrun.

CONSIDERATION TO INCREASE CAFETERIA PLAN CONTRIBUTION FOR CALENDAR YEAR 2008:

MOTION: First by McHale with second by Fones to accept the staff recommendation to increase the Cafeteria Plan contribution by \$24.52 per month per eligible employee (from \$572.40 to \$596.92) effective January 1, 2008.

DISCUSSION OF WWTP GRANT FUNDING OPPORTUNITIES:

Manager Callahan reported on activities and inquiries undertaken to date by staff to learn about potential grant funding and lending sources that may be available or come available in the near future that could benefit the Wastewater Treatment Plant Upgrade. There was consensus of the Board for staff to continue to monitor the situation, attend meetings and network.

CONSIDERATION OF CHANGE TO CURRENT SICK LEAVE POLICY:

Administrative Services Officer Connelly gave her written report. She explained that the Board was not being asked to change policy governing accrual (earning) of sick leave but rather provide an option whereby an employee could elect to be paid out at the time of retirement from the District up to 45 workdays of earned sick leave under current District policy, or alternatively, to forego payment of the 45 workdays and instead have the time credited as additional service credit by CalPERS. She explained that the District must annually estimate its liability for uncompensated absences assuming 50% payout of every employees' sick leave balance, to a maximum of 45 days paid, therefore, this recommended change should have no effect on the budget. Likewise, under the District's retirement contract with CalPERS there exists a provision for reporting of earned (unused) sick leave for conversion to additional service credit upon retirement from the District. On that basis, the District is already paying for this benefit through its employer contribution rate. There was discussion about the District's current policy with respect to fact that with accrual of sick leave there is no cap or ceiling. Director McHale expressed interest in examining the policy and asked for the matter to be agendized for the January meeting.

MOTION: First by McHale with second by Fones to accept the staff recommendation to provide an employee, upon retirement from the District, the option of whether or not to receive ½ of their accrued (earned) vacation in pay, subject to a maximum of 45 workdays, or, to apply the equivalent time towards service credit with CalPERS. Any remaining unused sick leave at the time of retirement from the District, under either scenario, is eligible for service credit conversion with CalPERS. Vote: 5-0.

STAFF COMMUNICATIONS AND INFORMATION ITEMS:

The written staff reports were received.

CONSENT CALENDAR:

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

ELECTION OF OFFICERS FOR 2008:

MOTION: First by McHale with second by Lyon to retain Director Enns as President of the Board. Vote: 5-0.

MOTION: First by Fones with second by McHale to retain Director Raimondo as Vice-President of the Board. Vote: 5-0.

DISTRICT BOARD COMMITTEE ASSIGNMENTS:

MOTION: First by McHale with second by Fones to maintain the current roster of committees and members. Vote: 5-0.

BOARD MEMBER COMMENTS:

As President of the local CSDA chapter, President Enns reminded the Board that the District would be in charge of hosting the next CSDA meeting normally occurring in January and that he was asking staff to commence planning for it.

MEETING, CONFERENCES AND SEMINARS:

Manager Callahan reported that he'd be attending a grant funding fair in mid-January.

SCHEDULE AGENDA ITEMS FOR THE FEBRUARY 20, 2008 BOARD MEETING: Sick Leave Policy, County Notice of Preparation of an EIR re: Los Osos WWTP.

ANNOUNCEMENT OF CLOSED SESSION ITEMS:

Referring to the written agenda (topic number 20 and 21), President Enns disclosed the subject matters of closed session. The Board convened in closed session at 8:37 p.m.

REPORT OF CLOSED SESSION ACTIONS TAKEN:

As reported by District Manager Callahan:

PUBLIC EMPLOYEE PERFORMANCE EVALUATION OF DISTRICT MANAGER:

No action taken.

CONFERENCE WITH LABOR NEGOTIATOR RE: LEAD SEWER COLLECTION WORKER, ROBERT TENNENT:

MOTION: First by Fones with second by McHale to reclassify the position of Lead Collection Worker raising the salary schedule by 10% above the current schedule. Vote: 5-0.

ADJOURNMENT:

MOTION: First by McHale with second by Fones to adjourn the meeting at 9:35 p.m.

Minutes Prepared By:


Bonnie Connelly, Board Secretary-Clerk