

# MINUTES

The special meeting of the Pajaro/Sunny Mesa Community Services District Board of Directors was called to order at 2:30 p.m. on February 7, 2014.

ROLL CALL:

President Stephen Snodgrass  
Vice President Harry Wiggins  
Treasurer David Delfino  
Secretary Paul Miller

ADMINISTRATIVE STAFF:

General Manager Don Rosa  
Recorder Monica Nuñez

ABSENT DIRECTOR(S) & STAFF:

None

CLOSED SESSION: None

ADDITION(S) TO AGENDA: None

PUBLIC IN ATTENDANCE:

1. Margie Kay, resident of Royal Oaks

PUBLIC COMMENTS: None

SCHEDULED ITEMS:

1. Lew Bauman, CAO Monterey
  - Discussion
  - Pajaro County Sanitation District (PCSD) transfer to PSMCSD

Mr. Robert Murdoch and Mr. Benny Young of Monterey County Public Works accompanied Mr. Bauman to discuss PCSD transfer.

General Manager Rosa presented pictures, showing the rundown conditions of lift stations within the sewer district. There was a sewage spill on March 9, 2013 in the Las Lomas area, which cost the PCSD \$22,200. The District is awaiting the evaluations of the sewer lines that were to be done after the spill. General Manager Rosa indicated that the system is in dire need of repairs and upgrades. Mr. Bauman stated that the evaluation is complete and is awaiting report and will forward a copy to PSMCSD.

General Manager Rosa parked sanitation vehicles on site for inspection by County representatives. These vehicles need to be replaced. The County agreed to have funds available to the District to replace the sanitation vehicles with newer used vehicles at time of transfer. Mr. Young stated the monies would be made available only if transfer is completed. Board directed staff to have vehicles evaluated by a third party.

Director Snodgrass indicated that the \$500,000 reserve the PCSD currently has, would be spent almost immediately, upon transfer, to bring system up to operable standards. Therefore, the District submitted an indemnity clause, holding the County liable for a five (5) year period, to replenish the reserve to original amount of \$500,000 for expenses of catastrophic events.

Mr. Young indicated that the indemnity clause was presented to County Counsel, who stated that the County could not agree to the conditions of the clause as written. Therefore, Mr. Young stated the County could not proceed with transfer. Mr. Bauman stated that with a better understanding of the indemnity clause, he will review it again.

Director Snodgrass asked Mr. Bauman what would happen to the PCSD if it was not transferred to PSMCSD. Mr. Bauman responded that the County no longer desires to operate sanitation systems, therefore the County would put it up for sale.

Director Snodgrass indicated that the problem with the County selling the PCSD at large, there is a possibility of a non-public company purchasing the system, who could raise the sewer rates and cause a hardship to the low-income community that is served by the PCSD.

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SCHEDULED ITEMS: - Continued

Director Wiggins and Director Miller stated that the current sewer rates have been the same for almost twenty (20) years and agree the rates need to be raised. The Board will be conducting a water rate study in the near future and would like the County to conduct a rate study to bring sewer rates up to par. Mr. Bauman stated that the County would like to work with the District to include a sewer rate study and the County will pay their portion of the study. Director Snodgrass indicated that staff will be preparing a "Request for Proposal" (RFP) for the study and will include a sewer rate study to be paid for by County. The RFP will be reviewed and approved by the Board for publication.

Both parties agreed that they would like to continue working towards the transfer of PCSD to PSMCSD. Mr. Bauman stated that he and his staff will work together to strive towards a solution and will be back to meet with the Board with a response on Friday, February 14, 2014. Board agrees to meet with County representatives on date specified.

Board will revisit this matter in the near future to discuss what steps will be taken in the event the transfer does not proceed.

CLOSED SESSION: (Personnel Matters, Litigation) None

NEXT BOARD MEETING:

Board noted next regular meeting is to be held on Wednesday, February 19, 2014.

MOTION TO ADJOURN:

There being no further business, the special meeting of the Pajaro/Sunny Mesa Community Services District was adjourned at 4:35 p.m. with motion made by Director Miller, seconded by Director Delfino. Motion carried unanimously.

Respectfully submitted by:



Stephen Snodgrass, President

  
Harry Wiggins, Vice President  
Monica Nuñez, Recorder