

**JOINT MEETING
CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT
WASTEWATER TREATMENT PLANT
(UNDER JOINT POWERS AGREEMENT)**

Cayucos Sanitary District Board of Directors:

Robert Enns, President
Bud McHale, Vice-President
Hal Fones, Director
Shirley Lyon, Director
Michael Foster, Director

City of Morro Bay City Council:

Janice Peters, Mayor
Carla Borchard, Councilmember
Noah Smukler, Councilmember
Betty Winholtz, Councilmember
Rick Grantham, Councilmember

MINUTES

MEETING DATE:

6:00 PM Thursday, July 8, 2010

HOSTED BY:

Cayucos Sanitary District

MEETING PLACE:

Cayucos Veterans Hall
10 Cayucos Drive
Cayucos, CA 93430

CALL TO ORDER AND ROLL CALL: President Enns called the meeting to order at 6:05PM and asked staff member, Anita Rebich to take roll.

Morro Bay City Council Mayor Janice Peters, Council members Carla Borchard, Betty Winholtz, Noah Smukler and Rick Grantham were present

Cayucos Sanitary District Board members President Robert Enns, Vice-President Bud McHale, Directors Hal Fones, Shirley Lyon, and Michael Foster were present.

PUBLIC COMMENT PERIOD

Members of the audience wishing to address the governing bodies on Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) business matters may do so at this time. By the conditions of the Brown Act, the governing bodies may not discuss issues not on the agenda, but may set items for future agendas. When recognized by the Chair, please come forward to the podium and state your name and address for the record. Comments should be limited to three minutes.

President Enns opened public comment.

John Barta, a Morro Bay resident presented a brief scenario comparing buying an automobile to building a WWTP. He emphasized comparing apples to apples and researching the cost and technology to make sure you are getting what you pay for.

Bill Martoney, a Morro Bay resident agreed with John Barta as far as comparing apples to apples. He expressed his concern that quotes from MWH for a Title 22 WWTP have been all over the board. He asked that we look at a WWTP that will allow recharging the water basin so as not to compromise the water rights of the city to the farmers.

Robert Staller, a rancher on Hwy 41, expressed his opinion that we pick the best, cheapest and most attractive and that any consideration of a WWTP without water reclamation is hard to understand

Grant Crowl, a Morro Bay resident spoke about water and our duty to protect and provide fresh water. He presented Mayor Peters and President Enns with copies of a National Geographic magazine devoted to fresh water and water reclamation. He asked that they to peruse the magazine, share it with others and return to him.

Susan Heinemann, Morro Bay expressed her concern that the MWH project is based on 2006 cost factor and has a potential for overruns whereas the PERC design is fixed cost with no overruns. No surprises versus a blank check

Rob Aragon, PERC Water, complimented the staff on process and communications and thanked all involved

Hearing no further comments President Enns closed public comments.

A. CONSENT CALENDAR

1. Minutes of June 10, 2010 JPA Meeting – Recommend approve.
2. Minutes of June 16, 2010 JPA Meeting – Recommend approve
3. Wastewater Treatment Plant (WWTP) Operations Report through May 2010 – Recommend receive and file

President Enns asked for a motion to approve the consent calendar.

Smukler asked to pull item A1 from the Consent Calendar.

MORRO BAY MOTION: Grantham, Winholtz 2nd to approve Consent Calendar Items 2 and 3. VOTE: 5-0

A1. Smukler requested a correction to show Natalia Moreson is a Morro Bay resident

MORRO BAY MOTION: Smukler, Winholz 2nd to approve Item A1 as corrected. VOTE 5-0

CAYUCOS MOTION: McHale, Fones 2nd to approve Consent Calendar Items 1-3. VOTE: 5-0

B. OLD BUSINESS

- 1. Discussion and Consideration to Adopt the Draft Amendment #2 to the Facility Master Plan**
– Recommend Approve and provide direction to staff

Keogh explained the adoption of this amendment is a critical junction for project and allows the environmental process to proceed in a timely manner and it provides a project description for environmental consultants leading to completion of the draft EIR. Adoption would allow MWH to proceed with the preliminary design of the plant. Keogh explained some of the changes and the reasoning behind the changes that went into this amendment. It was emphasized that the adoption of this amendment works collectively for both MWH to proceed with preliminary design and PERC to prepare their CDR for review.

Livick added that the environmental review will include an analysis for an MBR plant allowing either plant design to go forward.

Steve Hyland of MWH presented an overview of the project phases, the basis of the WWTP upgrade and the objectives of the Draft Amendment #2 to the FMP which will lead to finalizing the FMP and provide a project description for EIR. Hyland spoke on the refinements found in Amendment #2 and presented a slide show, which provided greater detail on the refinements of revised flows and loads, advance treatment processes, he reviewed site preparation, improved plant layout and overall architectural concepts.

Smukler questioned the revised flows and loads, what appeared to be a larger footprint for the plant, associated construction costs for these revisions and the impact of these costs on the current City rate structure.

Hyland responded the costs for these changes will be included in MWH's estimated construction costs which will be in their Preliminary Design Report which will be part of the final design phase. Hyland explained the cost adjustments made to bring the 2006 indexes up to 2009 indexes to reflect a more accurate picture.

Dylan Wade further explained the cost contingency for 2006 to current and how it was taken into account for the current rate structure. Wade stated they do not anticipate having to revise the rate structure because of any of the design changes presented today. There may be other scenarios that may cause the rates to be looked at, but those will be dealt with as the project progresses.

Smukler asked if project contingency savings could be directed towards reclamation.

Wade stated that reclamation is not an expense that the wastewater ratepayers should be tasked with and deferred further discussion and questions to legal counsel.

Smukler asked how the Draft Amendment addresses flooding, tsunami, earthquake and sea level rise and whether the site is compatible for the WWTP.

Keogh and Wade both confirmed that would be covered in the environmental document by ESA.

There was further discussion on treated effluent uses, energy consumption, landscaping and a constructed wetlands for the project.

Grantham asked Hyland to better explain what was meant by "providing for Title 22 provisions"

Hyland explained where the provisions are in the amendment and how they would be addressed.

Winholtz asked about the rate structure that was adopted a few years back and its intent to build reserves to cover the infrastructure, she questioned the need for another rate evaluation in 2013 to cover the plant.

Wade explained this was a requirement of the SRF process.

Enns called for a break and the meeting resumed at 7:48pm.

Enns asked Tim Carmel to explain what the Council and Board are looking at and what they are being asked to vote on in regard to the Draft Amendment #2 to the FMP.

Foster complimented Hyland and staff on the smaller footprint of the WWTP and asked if this was the smallest we could go while still meeting the needs. He also questioned where the growth projections used in the Draft Amendment #2 for the cities came from.

Hyland explained we could go smaller, the initial design starts larger and as design goes on and things change, we can reduce as needed. Wade explained the projections came from the original FMP and that Morro Bay has a growth ordinance limiting its population. That maximum population was the number used in the projections.

Bill Callahan, Cayucos Sanitary District explained their projections were based on the number of lots in the sanitary district service area based on County projections.

Foster expressed his concern about soil and soil remediation and the impact that it can have on the project.

Wade explained they do have a monetary placeholder in the budget for remediation and soil stabilization

Livick commented that a preliminary geotechnical investigation was done to establish differential settlement

Further discussion continued between Board, Council and staff on soil remediation, stabilization, geotechnical reports and costs involved.

Enns asked for clarification on a couple items that had been discussed in previous JPA and JPA TAC meetings and how they were addressed in the Draft Amendment #2

Smukler asked about utilizing UV versus chlorination and is this a consideration we are looking at

Wade responded that it certainly was something that could be looked at but briefly explained the pros and cons

Foster touched upon the staff report discussing the project schedule, current timeline and associated penalties and asked why this had not been brought forward prior to this staff report

Keogh responded that the dates had been there, they are just putting a number to the project delay time. He pointed out that if the project is completed on time, the agreement states the interim penalties will be waived. By putting the monetary number in the report, he hopes it will act as an incentive to bring the milestones of the project forward.

Enns opened the meeting for public comment.

Richard Margotson, a Cayucos resident commented that he couldn't pull up staff report on the City website and requested in the future to have these reports available at the meeting for the public. He also commented on a slide that was shown by MWH at the June 16, 2010 meeting where numbers that were presented didn't add up and had an impact on the cost reporting. Wants to know who's checking this, asked that we look closely at the SRF process and overall costs and compare all these to PERC's proposal.

CAYUCOS MOTION: McHale made a motion to approve Draft Amendment #2 to the FMP with the option B1 to include the additional chlorine chamber, Fones seconded. VOTE 4-1

MORRO BAY MOTION: Borchard, Grantham seconded VOTE 5-0

2. Status Report on Request for Proposal (RFP) for Project Management for the WWTP Upgrade Project – Recommend receive and provide direction to staff

Keogh presented the overview of the process to date and announced the staff has a recommendation for award of the Project Management contract. It wasn't possible to bring the contract back in time to present at tonight's meeting and Keogh asked that the July 15, 2010 JPA TAC meeting be converted to a Special JPA meeting so the contract can be awarded. If the Special JPA meeting isn't possible, worst case scenario would be to bring this to the August JPA meeting and have the Project Manager there for Q&A and award of contract.

Board and Council discussed availability for a special meeting on July 15, 2010. Borchard announced she would not be available and would like to meet the candidate, Winholz and Smukler voiced concern with staff making the decision and the Board and Council just putting their rubber stamp on it.

The decision was made for a Special JPA meeting on July 15, 2010 prior to the JPA TAC meeting to vote on the staff recommendation for Project Management for the WWTP.

C. NEW BUSINESS

- 1. Discussion and consideration to Send a Letter to Regional Water Quality Control Board and USEPA Requesting a Reduction in Monitoring Frequency for Selected Parameters Contained in the Monitoring and Reporting Program of the NPDES Discharge Permit for the WWTP – Recommend approval and provide direction to staff**

Keogh presented an overview of the monitoring program and how it relates to the NPDES discharge permit. As per the Reasonable Potential Analysis (RPA), a reduction in monitoring frequency for 79 effluent parameters that have never been met, is both appropriate and justifiable.

CAYUCOS MOTION: McHale, Fones 2nd to approve Agenda Item C1. VOTE: 5-0

MORRO BAY MOTION: Borchard, Grantham 2nd to approve Agenda Item C1. VOTE: 5-0

1. Schedule Next Joint Meeting and Agenda Items

July 15, 2010 Special JPA meeting, Morro Bay Veteran's Hall.

The next scheduled regular JPA meeting will be August 12, 2010. Time and place TBA

Smukler asked that reclamation discussion be put on a future agenda.

Foster suggested formation of additional committees to assist staff with workload.

ADJOURNMENT –

President Enns adjourned the meeting at 9:13PM