

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

MINUTES

DATE: 6:00 p.m., Wednesday, February 13, 2008

PLACE: Veteran's Memorial Building, 209 Surf St., Morro Bay, CA 93442

CALL TO ORDER AND ROLL CALL

The meeting was called to order by District President Enns at 6:00 p.m.

MORRO BAY

CITY COUNCIL Present:

Janice Peters, Mayor
Rick Grantham, Vice-Mayor
William Peirce, Councilmember
Betty Winholtz, Councilmember

Absent: Melody DeMeritt, Councilmember

STAFF PRESENT:

Andrea Leuker, City Manager (Acting)
Bruce Ambo, Director of Public Services
Bruce Keogh, WWTP Division Manager
Dylan Wade, Senior Civil Engineer

CAYUCOS SANITARY DISTRICT

BOARD OF DIRECTORS Present:

Robert Enns, President
Hal Fones, Director
Bud McHale, Director
Shirley Lyon, Director

Absent: Nat Raimondo, Vice-President

STAFF PRESENT:

Bill Callahan, District Manager
Bonnie Connelly, Admin. Services Officer
Tim Carmel, District Counsel
Mike Nunley, District Engineer

PUBLIC COMMENT PERIOD:

Joey Racano, representing the Ocean Outfall Group began his comments with distribution of a handout. He referred to the WWTP governing bodies as being in denial over the effect the sewer that is discharged through the outfall has on sea creatures; and that the ocean is in peril. He asserted that the District and City have backed off on their commitment to taking the WWTP Upgrade to tertiary treatment levels.

Marla Bruton spoke stating her disappointment that a meeting had not occurred since September 2007. She asserted that she and others are awaiting an official response from the Regional Water Quality Board to claims that both the City and District have dilapidated collection systems. She displayed a picture of a damaged sewer main in Morro Bay stating that its present defective state has been known about for some time and has not been fixed.

Richard Sadowski spoke referring to his visual (overhead) display alleging that there is a cycle of development in SLO County whereby there is selective enforcement, permit facilitation, and conflict of interest going on implicating J.F. Shea—and subsidiary companies, Gerald T. Shea, District Attorney, SLO County, LAFCO, SLO Building and Planning staff, and Cayucos Sanitary District in that process.

Andrew Christie, of the Sierra Club, distributed a letter dated February 12, 2008, on behalf of the NRDC. He underscored a few points from that letter stating that despite the fact that US Fish and Wild Life Service had concurred with the USEPA's determination that the continued ocean discharge from the plant is not likely to adversely effect the sea otter or brown pelican; that this default position was taken because the science is not there yet to prove otherwise; and that given the District and City's commitment to treat to an advanced level being tertiary treatment bolstered acceptance by the US Fish and Wildlife Service since it was felt that it would reduce the risk of exposure to, and harmful effects of, domoic acid and T. Gondii on the sea otter population.

While Messrs. Racano, Sadowski and Ms. Bruton had left the meeting, in response to Mr. Racano's comments, Mayor Peters clarified that neither the City or District have backed off on their commitment to tertiary treatment. In response to Ms. Bruton's comment, Mayor Peters stated that a WWTP (JPA) meeting in-fact had occurred since the September 2007; that being the November 7, 2007 meeting.

A. CONSENT CALENDAR

Councilmember Winholtz, with concurrence of the Board and Council, asked for separate discussion of agenda item A-1. Mayor Peters, with concurrence of the Board and Council asked for separate discussion of agenda item A-2.

1. Minutes of November 7, 2007 Meeting

MOTION (CSD): First by Director McHale with second by Director Fones to approve the minutes of the November 7, 2007 meeting, as presented. Vote: 4-0.

MOTION (MB): First by Councilmember Winholtz with second by Vice-Mayor Grantham to approve the minutes of the November 7, 2007 meeting, as presented. Vote: 4-0.

2. Wastewater Treatment Plant (WWTP) Operations Report through December, 2007 Councilmember Winholtz asked why, when comparing BOD and TSS removal between 2006 and 2007; that despite the City's total flow going down, the relative percentage of the City's flow relative to the total flow for the plant reflects an increased percentage. WWTP Division Manager Keogh responded that 2007 represented a dry year, and in drier years the numbers reflect more of a true split, but the impact of rainier monthly periods seems to adversely affect Cayucos a little more--perhaps due to I&I, and tends to skew the percentages more.

MOTION (MB): First by Councilmember Peirce with second by Vice-Mayor Grantham to move approval of the WWTP Operations Report through December 2007. Vote: 4-0.

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MOTION (CSD): First by Director Fones with second by Director Lyon to move approval of the WWTP Operations Report through December 2007. Vote: 4-0.

3. Status Report on NPDES Permit Renewal Process

Keogh gave a brief summary of his written report stating now that concurrence has been reached, the permit renewal process should recommence. Mayor Peters reiterated that US EPA and U.S. Fish and Wildlife Service (USFWS) have concurred that continued ocean discharge from the WWTP is not likely to adversely effect the endangered brown pelican and threatened southern sea otter. Furthermore, she went on to say that in the letter from USFWS the statement is made that *Toxoplasma gondii*, which has been known to be the cause of high mortality in sea otters, is presumed to be entering the marine ecosystem from terrestrial sources—namely felids known to be hosts for the parasite.

MOTION (MB): First by Mayor Peters with second by Councilmember Peirce to accept the NPDES permit renewal status report provided by Keogh. Vote: 4-0.

MOTION (CSD): First by Director McHale with second by Director Fones to accept the NPDES permit renewal status report provided by Keogh. Vote: 4-0.

B. UNFINISHED BUSINESS

1. Discussion of City of Morro Bay Space Needs Assessment for Corporate Yard and WWTP Expansion

Keogh reported that staff had met with RRM Design Group and that a draft Space Needs Assessment was expected within the coming week. At this time there was nothing to reports but that the process is still ongoing. Councilmember Winholtz asked that since the District declined to participate initially in costs of the Space Needs Assessment, would the District be willing to cost share on the back end since there would likely be benefit from report findings pertinent to siting of the WWTP. Director Fones stated that such a decision could not be made until the results come in, and reminded the City Council that the study had been initiated and undertaken absent Cayucos' knowledge or permission. District Counsel Carmel added that the District had no input into the RFP; was never asked to comment on the study; never saw a scope of work; and that the City had unilaterally awarded the work and executed a contract, so the District is not obligated..

C. NEW BUSINESS

1. Fiscal Year 2007/2008 1st Quarter Invoice and Supplemental Invoices for the 20005/06 and 2006/07 Fiscal Years

City Accountant Bunting introduced the agenda item. President Enns asked Administrative Services Officer Connelly if she was satisfied with the invoice to which she responded that her staff report had recommended payment of the 1st Quarter Invoice (FY 2007/08).

MOTION (CSD): First by Director Lyon with second by Director McHale to accept and authorize payment of the 1st quarter (FY 2007/08) invoice, as presented, for \$59,412.23. Vote: 4-0.

Councilmember Winholtz interjected that there were two supplemental invoices for which the City was likewise seeking payment. President Enns asked Connelly if they were inclusive of the previous motion. She responded no, but that she had recommended approval to pay both supplemental invoices, as presented.

MOTION (CSD): First by Director Fones with second by Director McHale to rescind the previous motion accepting and authorizing payment of the 1st quarter (FY 2007/08) invoice in the amount of \$59,412.23. Vote: 4-0.

MOTION (CSD): First by Director McHale with second by Director Lyon to authorize payment of \$71,098.12 representing the 1st quarter (FY 2007/08) invoice, as well as supplemental invoices for FY 2005/06 and FY 2006/07, as presented. Vote: 4-0.

2. Extend Audit Agreement for 3-Years with Crosby and Cindrich, CPAs

City Accountant Bunting introduced the agenda item stating that both the City and District have been satisfied with the work performed by CPA Bob Crosby, and therefore recommend an extension of the services agreement for 3 years (FY 06-07, FY 07-08 and FY 08-09). Vice-Mayor Grantham confirmed with Ms. Bunting that the agreement would be based on a not to exceed cost of \$5,200 per each audit year.

MOTION (MB): First by Councilmember Winholtz with second by Councilmember Peirce to approve an extension of the audit services agreement with Crosby and Cindrich, CPAs for audit of the WWTP for a 3-year period (FY 06-07, FY 07-08, and FY 08-09). Vote: 4-0.

MOTION (CSD): First by Director Fones with second by Director McHale to approve an extension of the audit services agreement with Crosby and Cindrich, CPAs for audit of the WWTP for a 3-year period (FY 06-07, FY 07-08, and FY 08-09). Vote: 4-0.

3. Discussion of Request for Proposals for Design Services for the WWTP Upgrade

Referring to his written report, Keogh stated that he had gathered some sample RFPs but that City Engineering staff would have to become more involved with this particular RFP. He stated that while the schedule calls out for preparation of the RFP by January 2010, recognizing that overall the City and District are ahead of the Upgrade schedule, this could occur earlier, however, Keogh did not advocate going forward with an RFP at this time. He stated that based on a District report prepared by Boyle Engineering, it gave City staff concern over Cayucos' potential need for 2,800 gpm hydraulic capacity pumping rate for their Lift Station Station #5.

He stated that District staff and their engineer would be fine tuning those numbers. He also stated that City staff, as echoed by City Council members, in the past, want to nail down the matter of cost apportionment/allocation between the parties as it relates to the plant upgrade. He stated that with the ~~environmental~~ design contract is estimated to cost somewhere between \$1,500,000 and \$2,000,000, and with that sort of financial implication, we need to get a handle on the financial commitment. He stated that up to this point, payment for contracted services working on the Facility Master Plan and now the environmental services contract will be allocated on flow with the understanding that those costs would be revisited once there is final determination on cost apportionment.

Mayor Peters asked whether or not a committee meeting on the subject of cost apportionment had occurred, to which Keogh responded no.

Director Fones stated that he didn't understand why the District's delivery system should be called into question; and that if proven that we have a delivery system problem there are always ways that it can be addressed.

There was lengthy discussion, primarily vocalized at the staff level of both the District and the City over preliminary report findings indicating that the District needs to increase its peak hourly flow (PHF) pumping capacity to 2800 gallons per minute (gpm) at its most southerly lift station (#5) and how that would or would not affect the WWTP upgrade, as envisioned in the Facilities Master Plan.

It was suggested by District Manager Callahan that since there is a difference of opinion—to the point of impasse, amongst staff and engineer levels of both entities over perceived impacts to the WWTP Upgrade, that he advocated seeking direction from the Board and Council to enlist Carollo Engineers to address the claims and concerns the peak hourly flow controversy would have on the Facilities Master Plan for the WWTP Upgrade Project.

President Enns commented that the Facilities Master Plan is still in draft form and it was conveyed by Carollo Engineers all along that there would likely be revisions down the road based on new findings and information, and that resources existed to fine tune the document. District Manager Callahn added that in discussions with David Stringfield he intimated that for him to conduct a review of the analysis and determine impacts, if any, would be fairly minimal cost—not likely to exceed \$4,000.

Public Services Director Ambo commented that he felt the matter should continue to be dealt with at the staff level; and to keep Carollo Engineers at bay, in the event that the numbers and calculations they produced were brought into question. He felt that an impartial third party peer review made the most sense were staff to be unsuccessful in reaching accord.

Councilmember Winholtz stated that she would like to see the matter returned to the Board and Council at the next meeting, to include additional substantiation and analysis supporting the six factors alleged by City staff as potential consequences to the WWTP Upgrade were Cayucos to increase its hydraulic capacity. Likewise, she'd like to see a report from District staff substantiating the four reasons to support their position that increasing hydraulic capacity would have no adverse effect on the WWTP Upgrade.

District Counsel Carmel spoke, that based on his understanding, the hydraulic capacity would not have any effect on the WWTP, however, he recognized that the staffs are at impasse—and relationships are fragile, at best. He said that the Facilities Master Plan was prepared by Carollo Engineers, so they need to weigh-in.

At this point in the meeting District President Enns called for a short recess at 6:55 p.m. The meeting subsequently reconvened at 7:15 p.m.

District Engineer Nunley spoke stating that the analysis triggered by the storm event in question would have been analyzed within the historical time period of the Facilities Master Plan (FMP). Furthermore, there is a big difference between a draft and final FMP because issues tend to come up along the way, for instance, CEQA issues often surface causing rework. It is expected that consultant-engineers be available to comment as issues and questions arise and must speak to their work.

City ~~Planner~~ Engineer Dylan Wade cautioned that while it is true that at some point we're going to have to come back to the FMP, this question of hydraulic capacity could be a huge issue. He stated that to have Carollo Engineers review the matter at this time would be premature. He felt it properly sits at the staff level and there is a need to get further into the process to determine where there is agreement, where there is disagreement or impasse, and what residual questions and issues remain. Once staff has ironed out the issues as close as they can, then it would be time to engage Carollo.

Councilmember Winholtz spoke in agreement with Keogh's staff report to hold off for now on the the WWTP Upgrade RFP for design. She also stated, reflecting back on the public comments where it was stated that the City and District had abandoned upgrading to tertiary might have been because staff report C-4, including the 8 year time schedule, makes reference to "full secondary" so there might have been legitimate confusion.

4. DISCUSSION OF THE 8 YEAR TIME SCHEDULE FOR UPGRADE OF THE WWTP

Bruce Keogh summarized his written report stating that all of the tasks performed to date have been completed ahead of schedule. For this reason, he stated there would be time available for the design RFP and still work out issues raised over flow and hydraulic capacity.

5. SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

Councilmember Winholtz requested that in the future the 2nd Wednesday of the month be avoided as the City Attorney has a standing commitment and is not available to attend. She suggested resuming Thursday meetings and to recommence alternating meeting locations. Manager Callahan stated that Cayucos' options for meeting in a larger venue are limited with the middle school under construction and the Vet's Hall generally booked for outside events. He stated that he will continue to make inquiries, however. There was consensus for the next meeting to occur May 8, 2008. Agenda topics identified were:

- \$ Award of Contract for the EIR
- \$ Discussion of Cost Apportionment

ADJOURNMENT:

MOTION (CSD): First by Director McHale with second by Director Fones to adjourn the meeting at 7:30 p.m. Vote: 4-0.

MOTION (MB): First by Councilmember Peirce with second by Councilmember Winholtz to adjourn the meeting at 7:30 p.m. 4-0.

Minutes recorded by:

Bonnie Connelly
Board Clerk-Secretary
Cayucos Sanitary District