

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

Cayucos Sanitary District  
Board of Directors:  
Robert B. Enns, President  
Nat Raimondo, Vice-President  
Hal Fones, Director  
Bud McHale, Director  
Shirley Lyon, Director

City of Morro Bay  
City Council:  
Janice Peters, Mayor  
Rick Grantham, Councilmember  
Melody DeMeritt, Councilmember  
William Peirce, Councilmember  
Betty Winholtz, Councilmember

DATE: 6:00 p.m., Thursday, April 12, 2007  
PLACE: Multi-Purpose Room  
Community Center  
1001 Kennedy Way  
Morro Bay, CA 93442

**CALL TO ORDER AND ROLL CALL**

Mayor Peters called the meeting to order at 6:04 p.m. and asked Morro Bay Staff member Kimberly Peeples to take the roll.

Morro Bay City Councilmembers present were Mayor Janice Peters, Rick Grantham, Melody DeMeritt and Betty Winholtz. Councilmember William Peirce was absent. Morro Bay Staff members present were Bruce Keogh, Bob Hendrix, Bruce Ambo, Susan Slayton and Kimberly Peeples.

Cayucos Sanitary District Board Members present were President Robert Enns, Nat Raimondo, and Hal Fones and Shirley Lyon. Board Member Bud McHale joined the meeting at 6:19 p.m. Cayucos Staff members present were Bonnie Connelly and Bill Callahan.

**PUBLIC COMMENT PERIOD**

Joey Racano, representing the Ocean Outfall Group, spoke in favor of a regional treatment plant option, which would include Los Osos.

Seeing no further comments Mayor Peters closed the Public Comment Period.

**A. CONSENT CALENDAR**

1. Minutes of February 8, 2007 Meeting – Recommend approve.
2. Wastewater Treatment Plant (WWTP) Operations Report through February, 2007 – Recommend receive and file
3. Status Report on NPDES Permit Renewal Process – Recommend receive and file
4. Status Report on the City of Morro Bay Wastewater Treatment Alternatives Analysis in the Chorro Valley – recommend receive and file
5. Status Report on the Draft Revenue Program – recommend receive and file

Winholtz asked to have items A2, A3 and A5 pulled for review.

**A2. Wastewater Treatment Plant (WWTP) Operations Report through February 2007 – recommend receive and file.**

Winholtz asked for George Helm's last name to be capitalized in the Staff Report. She also questioned the order of the items in the report and the noticeable decrease in total flow as compared to last two years. Keogh satisfactorily addressed her questions.

**A3. Status Report on NPDES Permit Renewal Process – recommend receive and file.**

Winholtz asked for Keogh to give an update on this item. Keogh highlighted the discussions held at the meeting with USEPA and RWQCB, which took place on April 5th.

**A5. Status Report on the Draft Revenue Program – recommend receive and file.**

Winholtz asked how they could discuss revenues at a potential May meeting when they haven't talked about what percentage each entity is going to pay, and if that topic needed to be agendized. Keogh noted they intend to bring the Draft Revenue Program to the City Council Meeting on May 14 and the Revenue Programs are Agency specific. He also noted the initial numbers are based upon a basic assumption of a 70/30 split to begin with and the final split will be determined at a later date.

Winholtz asked if May is the time to discuss these amounts in more detail, Keogh agreed it would be the correct time to have that discussion. President Enns noted they are also ready to discuss this topic, but will first need to know Morro Bay's intent for the Chorro Valley Alternative.

DeMeritt asked if the Draft Revenue Program includes a discussion of the State Revolving Fund and if that is the only option being reviewed. She also asked for clarification on the steps for this process and at what point would construction actually begin on the project. Keogh addressed her questions.

Winholtz inquired about the meeting at Sam Blakeslee's office about potential grant funding. Susan Slayton, Finance Director, addressed her question noting the Small Communities Grant that she applied for on March 23<sup>rd</sup> and another grant that she is looking into.

MORRO BAY MOTION: DeMeritt, Winholtz 2<sup>nd</sup> to approve all consent calendar items as presented.  
VOTE: 4 – 0.

CAYUCOS MOTION: Raimondo, Fones 2<sup>nd</sup> to approve all consent calendar items as presented.  
VOTE: 5 – 0.

**B. UNFINISHED BUSINESS**

1. Presentation by Carollo Engineers on the Facility Master Plan, Chapter 9 –Recommendations of Treatment Alternatives

Tracy Clinton of Carollo Engineers made the PowerPoint presentation highlighting the main differences between the four treatment alternatives. She also addressed questions and made clarifications, during the presentation, for members of both agencies. Keogh addressed the questions regarding composting and the availability of greenwaste.

Winholtz questioned which of these options comes the closest to the City of San Luis Obispo. David Stringfield of Carollo Engineers said the closest option would be #1A, but felt our effluent would be a better quality. Winholtz requested a tour of the City of San Luis Obispo facility; Keogh said he would arrange that tour.

Winholtz asked how the additional monthly cost to the end user was determined. Mr. Stringfield clarified that it was divided equally between all users in both communities, so it is by no means an exact amount. Keogh stated the rate structure is calculated on a far more complicated basis than presented tonight.

DeMeritt questioned if the electrical increase is really three times the amount of the current operation and would PG & E have a different rate structure for the new plant. Keogh acknowledged the increase in use and the potential availability of a different rate structure. Mayor Peters asked if there is an opportunity for solar energy in Morro Bay. Mr. Stringfield said it is not ideal in Morro Bay due to too many cloudy days.

President Enns asked Keogh to clarify what a true increase above current costs in O & M will be seen in the budget. Keogh thought that an estimate of approximately \$200,000 per year would be close.

Mayor Peters opened the Public Comment Period for this item.

Steve Shimmick, Andrew Christie, Pam Heatherington, Cal Wilbert and Anjali Jaswali all spoke in favor of a full tertiary option as soon as possible.

Nancy Castle of AGP Video would love to attend the tour of the City of San Luis Obispo facility to record the tour.

Mayor Peters closed the Public Comment Period, seeing no further comment.

Mayor Peters called for a 10-minute break at 7:46 p.m. and called the meeting back to order at 7:56 p.m.

Bonnie Connelly commented on the research she did on the funding list provided by the NRDC.

Raimondo asked if the tertiary option removes pathogens. Keogh replied the higher levels of tertiary remove more solids, therefore removing more potential pathogens.

President Enns asked to start seeing the actual ratepayers at the meetings and express their feelings about the forthcoming rate increases. He also asked Keogh to go over the alternatives sheet he provided as an attachment to item B1. Keogh reviewed the alternatives sheet for the Board. President Enns felt he did not see the “great benefit” for the two million dollars to go to full tertiary. He would like some assurances that if the extra two million dollars are spent that the concerned groups will be satisfied. He spoke in favor of the ditch option, but felt it should be plumbed so in the future, when they receive the “free money” they keep hearing about, they can add the filters.

Winholtz asked for clarification on how the class of the sludge is determined and if there will be a cost increase in doing the composting; she would like to know if there is a way to have the best of both worlds. Keogh and Mr. Stringfield clarified the differences and explained why it is one or the other. She also clarified the length of time the projected rate increase is spread over is 20 years.

Grantham asked for an update on the Corrosion Study; Mr. Stringfield said the electrical looks much better than they originally thought and the cost reduction is shown in the numbers tonight.

After Keogh described what are included as emerging contaminants DeMeritt expressed her desire to have as many of the emerging contaminants removed as possible. She also asked if the Nitrogen level at 3-5 ppm will still qualify under title 22; Keogh said he need to do more research to answer that question.

President Enns asked Pam Heatherington, representing the County Health Department, to speak about a new program that is beginning for pharmaceutical disposal.

Mayor Peters asked how much it would cost to lay the pipe to get the reclaimed water to the potential end users; Mr. Stringfield said \$400 per foot. She then asked all of the Councilmembers and Boardmembers what specific things they would like addressed at the meeting in May, in hopes of making a decision at that meeting. The responses were as follows:

- Raimondo felt there had been enough discussion to make a decision in May.
- Grantham would like to tour a tertiary plant before a decision is made.

Keogh interjected the following suggestions:

- Need to look at the Chorro Valley report, which they are looking to bring to the May 14 City Council Meeting.
- Should look at the Draft Revenue Program before a decision is made; rate impacts are going to be very substantial.
- He suggested a waiting period after the May 14<sup>th</sup> City Council Meeting to digest the information in the Draft Revenue Program and to be sure ratepayers have a chance to voice their opinion.

Comments from the Councilmembers continued as follows:

- DeMeritt suggested the Council and Sanitary District consider that they agendize a discussion that could result in a decision at the May meeting, which would allow them to make a decision or continue it if necessary.
- Winholtz would like both groups to be prepared to discuss the values of the different projects, not just the monetary aspects.
- Mayor Peters would like the projected rate increases presented to them in a more detailed fashion; breaking down what each portion of the increase will pay for. Keogh said the revenue rate program should lay that information out in detail at the May 14 Council Meeting.

## **C. NEW BUSINESS**

### **1. Schedule Next Joint Meeting and Agenda Items**

Keogh said he would arrange a tour of the City of San Luis Obispo plant.

Both governing bodies agreed upon the date of May 24, 2007 at 6:00 p.m. for the next meeting.

## **ADJOURNMENT**

MORRO BAY MOTION: Rick Grantham, Melody DeMeritt 2<sup>nd</sup> to adjourn the meeting at 8:55 p.m.

CAYUCOS MOTION: Nat Raimondo, Harold Fones 2<sup>nd</sup> to adjourn the meeting at 8:55 p.m.

Minutes recorded by: \_\_\_\_\_  
Kimberly Peebles