

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  
Melody DeMeritt, Vice-Mayor  
William Peirce, Councilmember  
Betty Winholtz, Councilmember  
Rick Grantham, Councilmember

DATE: 6:00 p.m., Wednesday, May 28, 2008  
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 6:08 p.m. and stated all Councilmembers are present. President Enns stated all of the Sanitary District Boardmembers are present.

Morro Bay Staff members present were Andrea Lueker, Rob Schultz, Joyce Bunting, Bruce Ambo, Bruce Keogh, Michael Prater and Kimberly Peeples.

Cayucos Staff members present were Bill Callahan, District Council Tim Carmel, District Engineers Mike Nunley and John Hanlon.

### **PUBLIC COMMENT PERIOD**

Richard Sadowski spoke regarding the WWTP Budget and questioned if Cayucos is paying their fair share for the treatment of their sewage. He read an excerpt from a report he submitted to the Council back in 2007 regarding his concern about the JPA agreement and if it is sufficient to get at that concern.

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

### **A. CONSENT CALENDAR**

Winholtz asked to have items A2 & A3 pulled. Grantham asked to have item A1 pulled. Enns asked to have item A4 & A5 pulled for questions.

#### **1. Minutes of February 13, 2008 Meeting – Recommend approve.**

Grantham asked to have the word “environmental” be changed to “design” on page 4 in the middle of the 1<sup>st</sup> paragraph on item 3. On page 5 he asked for the word “have” added to the last sentence of the 4<sup>th</sup> paragraph after the words “increasing hydraulic capacity would”. Also on page 5 in the next to last paragraph the second word should be changed from “Planner” to “Engineer”.

MORRO BAY MOTION: Grantham, Winholtz 2<sup>nd</sup> to approve the minutes as corrected. VOTE: 5-0.

CAYUCOS MOTION: McHale, Lyons 2<sup>nd</sup> to approve the minutes as corrected. VOTE: 5-0.

**2. Wastewater Treatment Plant (WWTP) Operations Report through March, 2008 – Recommend receive and file**

Winholtz wanted to commend the Treatment Plant Operators on the amount of biosolids they are producing and giving away to the public. Winholtz also asked about the replacement costs noted on page 3 and inquired if repairs like these will start to happen more and more as the plant ages. Keogh said it would be fair to expect to see some unexpected repairs every year due to the age of most of the components of the Treatment Plant. Winholtz asked if the budget reflects their expectations of those potential repairs. Keogh said the current budget does allow for some of that but they will see some repairs that are unpredictable.

MORRO BAY MOTION: Winholtz, Grantham 2<sup>nd</sup> to approve the item. VOTE: 5 –0.

CAYUCOS MOTION: Fones, McHale 2<sup>nd</sup> to approve the item. VOTE: 5 –0.

**3. Status Report on NPDES Permit Renewal Process – Recommend receive and file**

Winholtz wanted to let the public know that their permit will be coming before the Water Board in December.

MORRO BAY MOTION: Winholtz, Grantham 2<sup>nd</sup> to approve the item. VOTE: 5 –0.

CAYUCOS MOTION: Fones, McHale 2<sup>nd</sup> to approve the item. VOTE: 5 –0.

**4. Update on the City of Morro Bay Space Needs Assessment for Corporate Yard and Wastewater Treatment Plant Expansion – Recommend receive and file**

Enns asked about a timeline for this report. Keogh said he has seen a draft and provided comment on it, he believes those comments will be incorporated by RRM Design and then possibly bring it back before the Council in July. It will then come back before the JPA.

CAYUCOS MOTION: McHale, Lyons 2<sup>nd</sup> to approve the item. VOTE: 5 – 0.

MORRO BAY MOTION: DeMeritt, Winholtz 2<sup>nd</sup> to approve the item. VOTE: 5 –0.

**5. Financial Status Report as of March 31, 2008**

Enns asked why the Fund 4110 (Reg. Pay) line item is \$11,928 more than originally approved. Ambo stated it was the increase that was approved for the Plant Manager’s pay increase for his additional duties of managing the plant. Raimondo asked about Fund 6106 and was concerned that it is already at 93% expended and we are only 9 months into the fiscal year. Keogh explained that most of that line item is for Marine Research and they are paid by performance and most of their work for the year is just about wrapped up.

CAYUCOS MOTION: McHale, Fones 2<sup>nd</sup> to approve the item as presented. VOTE: 5-0.

MORRO BAY MOTION: Grantham, Peirce 2<sup>nd</sup> to approve the item as presented. VOTE: 5 –0.

**C. NEW BUSINESS**

**1. Award of Contract for Environmental Review Process for the WWTP Upgrade Project – Recommend Approve**

Keogh presented the Staff report highlighting the process to date and why Staff has selected ESA. He noted the high level of experience that ESA has with environmental review processes, State Revolving Fund loan process, Wastewater Treatment Plant upgrades, 301H modified discharge permits, flood plain issues, Coastal Development Permit Process and appeals to the Coastal Commission.

Winholtz inquired as to the location of the offices of ESA and if we had any local firms apply. Keogh noted they have a number of offices and that they did have one local company apply but they were not as qualified as ESA. Winholtz also asked Keogh to talk about the cost allocation for environmental review that is on the last page and why it is based on capacity. Keogh said that the cost allocation for the environmental review was done the same as the Facility Master Plan for consistency. It was agreed on by both entities that Cayucos would pay for the project based on a pro-rata share of flow with the understanding that they would come back later and determine what the exact cost allocation was.

DeMeritt asked Keogh to clarify how we have been trying to move the project along in regards to cost apportionment. Keogh said that it was agreed that payment would be based upon the pro-rata share of flow for the time being and that cost apportionment would need to be addressed.

Raimondo asked if there were any protests by any of the other applicants. Keogh said there were not.

Enns asked Keogh if Staff's recommendation to base the cost allocation on capacity was the capacity of the existing plant or the new plant. Keogh said he was not sure and that two items from this one would be a discussion on that topic and the potential for setting up a sub-committee to address that issue. Enns noted the minutes that were just approved said the Environmental would be based upon the pro-rata share of flow until the cost apportionment can be clarified and that recently they have been running flow about 25% to 29%. This tells them that at the new plant flow and capacity numbers should be synonymous. DeMeritt asked Enns if he meant that their flow will be 30% and their capacity will be 30% but that flow and capacity are different items. Enns said capacity only becomes a problem if you go just a little over your capacity and felt that flow best describes the business they are doing in the current plant and feels the details for the future plant will be worked out.

MORRO BAY MOTION: Peirce, Grantham 2<sup>nd</sup> to award the contract with payment allocated on flow with the understanding that those costs would be revisited once there is final determination on cost apportionment.

VOTE: 5 -0.

Enns asked District Council Carmel if the Morro Bay motion would be acceptable for Cayucos to make as well and Carmel stated it would.

CAYUCOS MOTION: McHale, Fones 2<sup>nd</sup> to award the contract with payment allocated on flow with the understanding that those costs would be revisited once there is final determination on cost apportionment.

VOTE: 5 -0.

## **2. Proposed Budget for WWTP FY 2008-2009 – Recommend Approve**

Enns asked why the expense total and the revenue totals do not equal each other. Keogh noted it appears to just be a type-o. Enns also questioned Fund 7102 and asked why last years budget was \$259,000 last year and this year it is only \$4000. Keogh stated that money was removed from there and put into a Capital Project account to better track the funds. Enns also asked what the \$345,000 on item 7302 is for. Keogh said it was for equipment purchases. Enns then reviewed all of the Capital expenses noting that Cayucos was not expecting these large numbers for their budget. Specifically he was concerned about the equipment upgrade and acquisition amounts. Enns asked if it was possible to do without the SCADA system or is it necessary to do now. Keogh stated it would be a large benefit to the process at the plant and for gathering data for the engineers. Enns asked about the front-end loader and remembered that the City had agreed to buy the loader and the Treatment Plant would borrow it as needed. Keogh said that it had been approved previously as a purchase by the Treatment Plant and has a rental agreement for use with the City and explained the need for the equipment. Enns asked about the necessity of rebuilding all 5 pumps right now. Keogh said they have not been rebuilt in 5 -7 years and they are a critical component of the process and need to be sure they do not go down. Enns asked about the purchase of the new truck. Keogh said it is a judgment call for the Board and the Council if the truck should be replaced now or if they should wait. Enns said for their revenue rate plan they have a hard time with expenses this high for capital projects. There was further discussion regarding the different line items of the current year budget.

MORRO BAY MOTION: Winholtz, Grantham 2<sup>nd</sup> to approve the item as presented. VOTE: 5 -0.

CAYUCOS MOTION: Lyons, Fones 2<sup>nd</sup> to approve the item as presented. VOTE: 5 - 0.

## **3. Invoice for 2nd Quarter FY 2008 – 2009 – Recommend Approve**

CAYUCOS MOTION: McHale, Fones to approve the item as presented. VOTE: 5 -0.

#### **4. Discussion of Cost Apportionment for the WWTP Upgrade Project**

Winholtz was in favor of meeting to begin discussing this topic. Enns asked if Keogh had any suggestions as to what "mechanism" they should use to get at this topic. Keogh said he isn't sure if the best way to get at it is a sub-committee but they need to set up something to get at this topic.

Enns asked Mr. Carmel if he thought the Legal Council for both entities should be part of these sub-committees. Mr. Carmel said it would be up to the Boards if they would like the attorneys present. Mr. Schultz said that the conversations should be mostly technical and would not require legal council to be there but it would be up to the Boards to decide that. Enns said he agreed that the technical aspects do not require the attorneys to be present but felt they should be there in the beginning to help guide the Boards. DeMeritt said she felt the Council has already reviewed the JPA agreement with their attorney and are comfortable with their understanding of that agreement, so having the attorneys present may only slow the process down rather than move the issue along. Enns did not agree, as it appears the City has consulted with their Attorney already and the Board has not and would like to have their Council present. Janice said that it might be in the best interest to form the sub-committee to gather the questions and go thru the topics they can and then if they feel they need input from the attorneys they could then do that. Enns said that at the last meeting Melody had requested a meeting to discuss what the concerns were but their offer to sit down with Melody was declined. DeMeritt clarified that she was not at the last meeting and to date has not received an invitation to sit down and discuss the JPA agreement, as she would not have turned down such an invitation. She then recommended that they form a sub-committee and begin working on the JPA Agreement right away. Raimondo stated he believes the City attorney and District Counsel work well together and do not fight, so they should be present, even if it was only to sit in the background to listen and observe. Fones looks at the JPA as a legal document and that cost apportionment is a legal item and feels the attorneys should be present. Enns noted two e-mails that were sent to Schultz inviting DeMeritt to meet with the District to discuss the JPA. Schultz said the meeting was declined with a response noting the sub-committee had not been selected yet and the City was not ready to meet until that time.

DeMeritt suggested that at the initial meeting having just the committee members and staff without the attorneys. Raimondo restated his request to have the attorneys present. Schultz interjected that it is up to the Board if they would like their Attorney present and if he is then he will be present as well, but should Mr. Carmel not be able to attend, he could easily remove himself from the meeting instead of canceling the meeting. Enns asked if there were any suggested dates. The date agreed upon by both parties was June 12, 2008 at 2:00 p.m.

MORRO BAY MOTION: Winholtz, DeMeritt 2<sup>nd</sup> to appoint William Peirce, Melody DeMeritt and City Staff as necessary to meet as often as possible to resolve the cost apportionment issue. All were in favor.

Enns asked Mr. Carmel if a motion was necessary for this item. Mr. Carmel said this item was not agendized for action and the Board could just note who they would like to appoint. Enns stated the Boardmembers attending would be Lyons and himself, along with necessary Staff and District Attorney. There was consensus.

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

Keogh suggested going to a quarterly schedule unless there is something pressing from the sub-committee that requires them to meet sooner. The next meeting was scheduled for August 14, 2008 in Cayucos at the Vets Hall.

#### **ADJOURNMENT**

MORRO BAY MOTION: Peirce, Grantham 2<sup>nd</sup> to adjourn the meeting at 7:39 p.m. There was consensus.

CAYUCOS MOTION: McHale, Raimondo 2<sup>nd</sup> to adjourn the meeting at 7:39 p.m. There was consensus.

Minutes recorded by: \_\_\_\_\_

Kimberly Peeples