

**TECHNICAL ADVISORY COMMITTEE 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
Harold Fones, Director
Nat Raimondo, Director
Bud McHale, Director
Craig Bell, Jr., Director

City of Morro Bay

City Council:

Janice Peters, Mayor
Thad Baxley, Vice-Mayor
Melody DeMeritt, Councilmember
William Peirce, Councilmember
Betty Winholtz, Councilmember

ACTION MINUTES

DATE: 9:00 a.m., Tuesday, September 12, 2006
PLACE: Veterans Memorial Building
209 Surf Street
Morro Bay, CA 93442

CALL TO ORDER AND ROLL CALL

Vice-Mayor Baxley called the meeting to order at 9:10 a.m.

City Council members present were Vice-Mayor Thad Baxley and Betty Winholtz. Morro Bay staff members present were Robert Hendrix, Bruce Ambo, Bruce Keogh and Kimberly Peeples.

Cayucos Board members present were President Robert Enns and Bud McHale. Cayucos staff members present were Bonnie Connelly and Bill Callahan.

Also present were David Stringfield and Eric Casares of Carollo Engineers and Jon Hanlon of Boyle Engineering Corporation.

A. PUBLIC COMMENT on Special Meeting Agenda Items.

Marla Jo Bruton, representing the Ocean Outfall Group, expressed concern about how the flow for Cayucos is being determined and that the capacity at the Treatment Plant needs to be increased.

Seeing no further comments, Vice-Mayor Baxley brought the meeting back to the Committee to address the additional items on the Agenda.

B. Discussion of the Facility Master Plan, Chapter 6 - Regulations, Chapter 7 - Rehabilitation, and Chapter 3 - Flows and Loads

Keogh introduced the item to the Committee and turned the item over to David Stringfield of Carollo Engineers for an overview of the topics that will be under review for this meeting, who then asked if there were any questions.

Chapter 6 – Regulations

Winholtz questioned the following items, which were addressed by Mr. Stringfield:

- Who set the standards for the information in the chart on page 6-7
- Difference between the Chorro Basin and the Chorro Creek
- How CMC's use of Chorro Creek for their discharge affect our situation

Chapter 7 – Rehabilitation

David Stringfield reviewed some of the initial determinations their Electrical Engineer made from his site visit two weeks ago. The Electrical Engineer's report is not finalized yet, but his initial indication is the original cost estimates made by Carollo to rehab the electrical portion were slightly higher than what the final amounts will be. In regards to the Corrosion Study, Mr. Stringfield is expecting a quote today from the sub-consultants they intend to use for that study, so they can hopefully have the scope of work and contract in place by the end of the month for that study.

Winholtz confirmed that Appendix A & B for this chapter will be included with the final report. She also confirmed that the cost to demolish and rebuild the entire plant is being looked at as an option.

Chapter 3 – Flows and Loads

David Stringfield highlighted how the Flows and Loads were calculated for both entities and addressed the following topics, questions and concerns for the Committee Members:

- How the vacancy rate will/will not affect the flows
- How using 2005 and 2006 numbers only to calculate the flows for both communities, would affect the final numbers
- Why would Cayucos have the option to “choose” what their flow is and why wouldn't the actual flow be used for the calculations
- For comparison purposes, could a calculation be done for Morro Bay's flow in the same matter as Cayucos's calculation was done
- How the BOD number of 420, on page 2 of the submittal letter, was calculated and why it didn't increase more based on the population projections

Mr. Stringfield reviewed how a “violation” is determined based upon the MGD that is selected. Therefore he suggested setting a permit limit of 1.5 MGD, so it can always be rounded down if necessary and it would help eliminating some of the potential violations. The ownership numbers of that amount can then be determined between the two entities.

Baxley questioned what the next expected step is for these numbers and if Mr. Stringfield is suggesting that they take these numbers back to the individual Boards to come to agreement on a number. Mr. Stringfield's concern was that the Committee Members were comfortable with how the numbers were calculated and that they could go back to their perspective Boards and decide what number they would like to build the new plant at. President Enns questioned what numbers are being suggested as the number to come to agreement on, as he is seeing 1.45 MGD in the document presented today and is hearing 1.5 MGD as the suggested number to use for the permit.

Winholtz questioned if Morro Bay's numbers could be run for comparison purposes, in the same matter that Cayucos's number were run. Keogh requested that Mr. Stringfield run the numbers requested and forward them for the Council's review.

Mr. Stringfield addressed the topic off mandatory fines and how it would affect the permit. He said

the flow limit is currently listed in Paragraph B “Effluent Limitation”. Effluent Limitations are what generate mandatory fines, so he would suggest putting that number instead in the “Prohibition” section, so as to not generate mandatory fines. He felt they would be successful in getting the Regional Board to agree to put the flow limit in that section.

C. Discussion of Preparation of Financial Plan for the WWTP Upgrade Process

Keogh introduced the item, noting the options are to issue an RFP for a Financial Plan or to ask Carollo to address the item. Keogh asked Susan Slayton, Finance Director to address the Committee on the topic and highlight the areas she has researched thus far. Slayton felt it would be most expeditious to stay with Carollo for the Financial Plan, due to their experience and their familiarity with both entities. She also reviewed the research she had done in regards to how Pismo handled the financial aspect of their recent project.

Winholtz indicated she had spoke to Boxer’s office a couple years ago and said they could look to her office for Federal assistance. Slayton noted that they could look for financing once we have project outlined and somewhat agreed upon. Baxley asked at what point do we have to come up with a plan. Stringfield felt said now was the time to start this process, since everything else is ahead of process so defining revenue and financing sooner is better than later.

Enns clarified, which questions are to be addressed today, and if Morro Bay is suggesting to move forward using Carollo for the Financial Plan. Slayton acknowledged that as her recommendation. Baxley said he would be willing to support that recommendation to the Council. Winholtz asked for clarification on what numbers they are supposed to be looking at and if they should be addressed at the JPA level or individually, since the individual entities rates are not a joint topic. Stringfield said it should be discussed at some level at the JPA, since it will be likely that they will apply for the SRF loan jointly for the construction of the Treatment Plant. Enns questioned when cost apportionment would be discussed. Keogh suggested the conversation should commence soon so the project can continue to move forward. Enns said he felt the issue of the rate revenue plan should be on the next agenda and questioned what the scope of the revenue rate plan was and does it include cost apportionment. He also felt Cayucos would be comfortable recommending Carollo for the Financial Plan and would be willing to take that recommendation back to their Board. Baxley was in agreement with Enns statements.

Connelly felt that by sole sourcing the Financial Plan to Carollo the process would be expedited and questioned if the each entities sewer systems could be included in the same process, so there isn’t redundancy in the studies that have to be done. Stringfield confirmed that the sewer projects would be included in the rate study for each entity. Slayton pointed out the rate studies will happen independently.

D. Consideration of Scheduling and Agenda Items for Next Subcommittee Meeting

Baxley expressed concern if there is time to prepare a staff report on the Financial Plan for the next JPA Meeting on September 21, 2006 and would recommend a discussion for the next Subcommittee Meeting. Stringfield suggested an action item for the September 21st meeting to authorize Bruce Keogh to begin discussion with Carollo to negotiate a contract for the Financial Plan. Baxley and Enns were in favor of that recommendation. Keogh confirmed he would have a staff report prepared for that topic on the September 21, 2006 agenda.

Baxley suggested October 26, 2006 at 6:00 p.m. in Morro Bay for the next JPA meeting and October 17, 2006 in Cayucos at 9:00 a.m. for the Sub-Committee Meeting. The other members were in agreement for the suggested dates, which will be brought forth at the September 21st JPA Meeting for approval.

E. Adjournment

Baxley adjourned the meeting at 10:41 a.m.

Minutes prepared by: _____
Kimberly Peebles