

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

MINUTES

DATE: 6:00 p.m., Wednesday, September 12, 2007
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 (arrived at 6:10 p.m.)
Melody DeMeritt, Vice-Mayor
William Peirce, Councilmember
Betty Winholtz, Councilmember
Rick Grantham, Councilmember

STAFF PRESENT:

Bruce Ambo, City Public Services Director
Susan Slayton, City Finance Director
Bruce Keogh, Wastewater Division Manager

CONSULTANT PRESENT:

David Stringfield, Carollo Engineers

CAYUCOS SANITARY DISTRICT

BOARD OF DIRECTORS Present:

Robert Enns, President
Nat Raimondo, Vice-President
Bud McHale, Director
Shirley Lyon, Director

Absent: Hal Fones, Director

STAFF PRESENT:

Bill Callahan, District Manager
Bonnie Connelly, Admin. Services Officer
Tim Carmel, District Counsel
Jon Hanlon, District Engineer
Nancy Martin, Admin. Services Technician

PUBLIC COMMENT PERIOD:

Marla Bruton stated that based on their own independent investigations, they have determined that both the City's and District's collection system infrastructure is in very poor shape; that there exists exfiltration; that nitrates are leaching into the soil from leaky sewer pipes and that this is affecting the City's water source and pollution of groundwater. Bruton stated that the plant should not be reconstructed at the existing location for safety reasons connected with climatic changes and the potential for flooding from rising sea levels.

Richard Sadowski echoed Bruton's sentiments stating he has first hand knowledge based on his time working for the District and having videotaped and analyzed several miles of Cayucos' sewer lines.

Joey Racano echoed Bruton and Sadowski's remarks adding that the groundwater pollution is as great as that of the septic systems operating in Los Osos. Furthermore, he stated that the key to any funding is Los Osos and therefore, the City and District should be looking at a regional solution.

A. CONSENT CALENDAR

Councilmember Winholtz, with concurrence of the Board and Council, asked for separate discussion of the three consent calendar items.

1. Minutes of June 27, 2007 Meeting

Councilmember Winholtz noted that there were originally three spelling errors that had since been corrected. She referred to pages 2 and 3 of the minutes stating that questions and issues had been posed; some of which had been answered and responded to, but that the minutes did not reflect answers. She stated that since the minutes are a matter of public record there needs to be a complete record of both the questions that were posed and the answers or explanations given. Furthermore, she stated that she does not advocate action minutes for this very reason.

MOTION (CSD): First by Director McHale with second by Director Lyon to approve the minutes of the June 27, 2007 meeting, as corrected for spelling errors. Vote: 4-0.

MOTION (MB): First by Councilmember Winholtz with second by Councilmember DeMeritt to approve the minutes of the June 27, 2007 meeting, as corrected for spelling errors. Vote: 5-0.

2. Wastewater Treatment Plant (WWTP) Operations Report through July, 2007

Councilmember Winholtz asked for clarification about the ratio of green waste to solids to which Bruce Keogh responded that the recipe so to speak needs to be juggled depending upon what green waste is available and the quality of solids. She inquired about reported power failures to which Keogh responded that they were extraneous source outages and that the plant does have backup power in those events.

MOTION (MB): First by Councilmember Winholtz with second by Councilmember Grantham to move approval of the WWTP Operations Report through July 2007 (A-2). Vote: 5-0.

MOTION (CSD): First by Director Lyon with second by Director Raimondo to move approval of the WWTP Operations Report through July 2007 (A-2) Vote: 4-0.

3. Status Report on NPDES Permit Renewal Process

Councilmember Winholtz requested that Keogh provide an overview of the NPDES permit renewal process and status, for the public's benefit. Keogh reported that the U.S. Environmental Protection Agency (EPA) had generated a Biological Evaluation and that it had been forwarded to U.S. Fish and Wildlife (USF&W) for their concurrence. He stated that EPA's findings were that, based on the best scientific and commercial data currently available, continued discharge from the WWTP was not likely to have an affect on the sea otter or brown pelican. Keogh reported that within EPA's report, they called for conservation measures, including a public outreach program targeted at proper disposal of cat litter; monitoring of nutrient loading from the ocean outfall, and mandate that the plant would be upgraded to tertiary treatment by 2014. He continued to say that letters prepared by staff as well as Dr. Coats (Marine Research Specialists) were forwarded to EPA wherein exception to the permitted requirement of mandating a standard of tertiary treatment by 2014 was challenged.

Keogh reported that the EPA would be revising its letter and that we are awaiting a letter of concurrence or determination from U.S. F&W; and to his knowledge there was no deadline by which USF&W has to respond.

MOTION (MB): First by Councilmember Peirce with second by Councilmember DeMerritt to accept the NPDES permit renewal status report provided by Keogh. Vote: 5-0.

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

B. UNFINISHED BUSINESS

1. Discussion and Adoption of the Final Draft Facility Master Plan

David Stringfield was present from Carollo Engineers, however, there were no direct questions asked of him concerning the Final Draft Facility Master Plan. Keogh stated that there would still be an opportunity to make revisions and catch any comments referred from RWQCB's review, prior to issuance of the final report. Keogh stated that he'd begun working with City Planning staff on developing a Request for Proposal (RFP) for the WWTP Upgrade Environmental Study. Keogh stated that the RFP could be framed whereby the consultants would in essence define what the environmental document would look like—and therefore costs, given the breadth and scope of the project. He stated that the current fiscal year budget only included costs for the Environmental Study estimated at \$200,000, and that additional funding may be necessary depending upon the intensity of the environmental process. Bruce Ambo expressed that if the project were to stay within the existing fence line, then a more abbreviated document and effort might be possible. Keogh recommended delaying kickoff of the design process until next fiscal year in that the City and District were ahead of schedule on the overall time line and that the City must address some critical capital improvement projects and to get its rate structure in place in order to generate additional revenues, pending its Proposition 218 public hearing scheduled for November 13. Keogh stated that in the intervening time, renegotiation and any rewrite of the Joint Powers Agreement (JPA) could be undertaken with cost apportionment being addressed.

Director Raimondo asked if any more exploration had been done regarding the feasibility of putting in a septic receiving station at the WWTP whereby waste from RVs, mobile homes, etc. could be taken. Keogh stated that there had only been very preliminary talk and investigation but that it was still on the drawing board and would be taken up in future discussions.

Councilmember Winholtz expressed her dismay over the fact that there were no minutes from the July Technical Advisory Committee (TAC) included with this agenda. Keogh apologized stating that it was an oversight that was caught too late but that the minutes would be included with the next meeting agenda. There was discussion amongst the committee members who had been in attendance at the TAC meeting, as to their recollections of items and topics of discussion. There was general consensus that trihalomethanes were discussed, odor control, flow/capacity, and siting of the plant, however, no one could remember with any specificity the outcome or conclusions drawn. Councilmember DeMeritt, as echoed by Councilmember Peirce, stated that the Joint Powers

Agreement needs to be talked about publicly; that the full Board and Council should be involved in that process; that there are deficiencies in the current agreement that must be addressed and worked out before any serious discussion of cost apportionment can take place. There was general consensus for circulation of the minutes in draft form from the TAC meeting of July 10, 2007 to all Board and Council members as soon as possible.

President Enns recalled that on more than one occasion the City Council had implied that they had assembled some recommended changes and revisions to the JPA—and in fact, he thought that Councilmember DeMeritt had marked up a copy of the JPA. He stated that he felt the ball was in Morro Bay's court to bring forward its concerns with the JPA.

Councilmember Winholtz alluded to the fact that the City has engaged a consultant to investigate plans for the desalination plant and corporate yard that could affect city-owned and jointly-owned properties and may impact location/siting of the oxidation ditches.

At this time Bruton and Sadowski spoke up asserting that the air quality in North Morro Bay is bad based on high hydrogen sulfide readings and odor complaints and that Cayucos' use of Bioxide has not been effective and questioned the use of ferrous chloride at the plant.

Councilmember Winholtz prefaced that she'd be voting not to accept the Final Draft Facility Master Plan; that she felt it had been prepared in isolation and not in context; that there could be repercussions insofar as the EIR and flood plain issues; and that she was not yet satisfied that the referred project was the best choice for the plant.

MOTION (CSD): First by Director Raimondo with second by Director McHale to adopt the Final Draft Facility master Plan prepared by Carollo Engineers. Vote: 4-0.

MOTION (MB): First by Councilmember Peirce with second by Councilmember Grantham to adopt the Final Draft Facility master Plan prepared by Carollo Engineers. Vote: 4-1 (Winholtz voting no).

C. NEW BUSINESS

1. Fiscal Year 2006/07 4th Quarter Invoice

Referring to Administrative Service Officer Connelly's staff report prepared for the CSD Board, President Enns asked Connelly if she was satisfied with the invoice. Connelly stated that she advocated paying the invoice in full, however, she felt that there would probably be a supplemental invoice tendered on a post-audit basis because it appeared there were outstanding accrual and accounts payable entries related to certain expenses account that reflected no costs or allocations at fiscal year-end. Susan Slayton responded stating that this was a complete and final invoice with nothing pending that she was aware of.

MOTION (CSD): First by Director McHale with second by Director Lyon to accept and authorize payment of the 4th quarter (FY 2006-2007) invoice, as presented, for \$71,947.10. Vote: 4-0.

2. Schedule Next Joint Meeting and Agenda Items

The next meeting was tentatively scheduled for Wednesday, November 7, 2007 at 6:00 p.m. to be hosted by the City of Morro Bay with location to be determined.

Agenda topics identified:

- Minutes from the TAC meeting of July 10, 2007
- Review and discussion of TAC topics that were the subject of the July 10, 2007 meeting
- City of Monro Bay's plan/proposal for possible expansion of its corporate yard and desalination plant as it affects the WWTP Upgrade Project
- Status report on any activities undertaken to disseminate information, including time schedule, geared at educating the public on proper disposal of cat litter and pharmaceuticals (pills)
- WWTP Upgrade environmental review, including Request for Quote (RFQ) or Request for Proposal (RFP) for approval by the governing bodies
- WWTP (JPA) cost apportionment

ADJOURNMENT: The meeting was adjourned at 7:15 p.m.

Respectfully submitted,

Bonnie Connelly
Clerk-Secretary
Cayucos Sanitary District