

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, November 7, 2007
PLACE: Veterans Memorial Building
209 Surf Street
Morro Bay, CA 93442

CALL TO ORDER AND ROLL CALL

Mayor Peters called the meeting to order at 6:06 p.m. Morro Bay staff member Kimberly Peeples called the roll.

Morro Bay City Councilmembers present were Mayor Janice Peters, Melody DeMeritt, William Peirce, Betty Winholtz and Rick Grantham. Morro Bay Staff members present were Andrea Lueker, Rob Schultz, Susan Slayton, Bruce Keogh and Kimberly Peeples.

Cayucos Sanitary District Board Members present were President Robert Enns, Nat Raimondo, and Hal Fones, Bud McHale and Shirley Lyon. Cayucos Staff members present were Bill Callahan, Bonnie Connelly and District Council Tim Carmel.

PUBLIC COMMENT PERIOD

Joey Racano, representing the Ocean Outfall Group, thanked the Council and Board for their work on the upgrade. He also expressed concern over language in item C3, directly related to the environmental. He takes issue with hiring consultants that could remove environmental safeguard requirements & doesn't want the past to repeat itself.

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

A. CONSENT CALENDAR

1. Minutes of September 12, 2007 Meeting – Recommend approve.
2. Minutes of July 10, 2007 Technical Advisory Committee – Recommend approve
3. Status Report on NPDES Permit Renewal Process – Recommend receive and file
4. Status Report on the Public Outreach Program for Cat Litter and Disposal of Pharmaceuticals – Recommend receive and file

Winholtz asked to have items A3 and A4 pulled. President Enns asked to have item A2 pulled.

1. Minutes of September 12, 2007 Meeting – Recommend approve.

MORRO BAY MOTION: Peirce, Winholtz 2nd to approve the minutes as presented. VOTE: 5 – 0.
CAYUCOS MOTION: Raimondo, McHale 2nd to approve the minutes as presented. VOTE: 5 – 0.

2. Minutes of July 10, 2007 Technical Advisory Committee – Recommend approve.

Enns asked for two changes on page 3 of the minutes. In the third paragraph up from the bottom the next to last word should be changed from “and” to “at”. In the last paragraph on page 3 in the next to last sentence the word “considered” should be changed to “consistent”.

CAYUCOS MOTION: Enns, McHale 2nd to approve the minutes with the suggested changes. VOTE: 5 – 0.

MORRO BAY MOTION: Winholtz, DeMeritt 2nd to approve the minutes with the suggested changes. VOTE: 5-0.

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

Winholtz asked Keogh to give a definition of what nutrient loading is, which is referred to on page 2 of the Staff Report under Staff Concerns, and what they are looking for. Keogh stated nutrient loading would be the input of nutrients into the marine or aquatic environment, like nitrogen or phosphates, things that would promote algal growth. He understood that one of the concerns US Fish & Wildlife had was the generation of algae blooms based on increased nutrient loading. It could come from man-made sources, non-point sources like rivers, fertilizers or upwelling in the ocean. The EPA doesn't feel that our discharge is a source of enough nutrient loading into the marine environment to cause algal blooms, but we could add a limited series of tests to get some data to form a base line on that. We do not currently do these tests, but the costs for these tests are fairly inexpensive.

MORRO BAY MOTION: Winholtz, Peirce 2nd to approve the item as presented. VOTE: 5 – 0.

CAYUCOS MOTION: Raimondo, Fones 2nd to approve the item as presented. VOTE: 5 – 0.

4. Status Report on the Public Outreach Program for Cat Litter and Disposal of Pharmaceuticals – Recommend receive and file

Winholtz noted she pulled this item partly to make the public aware of the topic, but also to suggest that we begin the program now rather than waiting for regulatory edicts from above. She also suggested we try to obtain an NEP grant to get someone to do this. Keogh concurred that we would not be waiting for EPA to put this into the next permit to begin the outreach program. He suggested mailings or newsletters in the water bill, like the quarterly utilities newsletter. Keogh said that he had offered to NEP to possibly donate \$500 - \$1000 towards graphic designs on a joint advertisement and believes the NEP is waiting for him to take the lead on this. He also pointed out in the Staff report, on the topic of pharmaceuticals, that the NEP recently gave back some of the fine money that they got from CMC, to the Regional Board and the Integrated Waste Management Authority to help fund a drop off for pharmaceutical collection.

Peirce and DeMeritt agreed starting now was a good idea. DeMeritt also suggested putting posters in retail stores, as well as grocery stores and places like Lemos, which sell cat litter. DeMeritt suggested she had students who would be able to help with design and she would be willing to contact the EPA to get information for our flyers or posters.

Raimondo referenced an article that was in the paper earlier this week about proper disposal of cat litter and pharmaceuticals. He would like to consider getting a copy of that article and getting out to the public.

Enns asked Bill Callahan to talk about a report he did on the progress of this topic in Cayucos. Callahan indicated that the Cayucos Pharmacy would potentially be interested in starting a formal program and is looking for funding for such a program.

MORRO BAY MOTION: Winholtz, Peirce 2nd to approve the item as presented. VOTE: 5 – 0.

CAYUCOS MOTION: Lyon, McHale 2nd to approve the item as presented. VOTE: 5 – 0.

B. UNFINISHED BUSINESS

1. Discussion of the JPA Agreement (oral report)

Keogh said the City Attorney Rob Schultz is looking into other JPA Agreements at suggestions for when it comes time to address our JPA Agreement and will bring this item back at a later date. DeMeritt expressed her concern about clearing up the discrepancy between sections 13 and 16C, specifically in defining what is capacity and what is ownership. She also has concern about section 6C in which it talks about operation and maintenance and says that it should be based on flow, which it typically has been. DeMeritt also noted she felt the language of section 14 is really the crux of the argument, which says future modifications, replacements and enlargements will be allocated based upon capacity rights. She then suggested that all Councilmembers and Boardmembers compare the language in sections 6C to 14 and note the discrepancies.

Enns asked if the discussion of the JPA holding up anything in getting the plant built. Keogh stated he did not think so and it is his understanding that when we awarded the contract for the Facilities Plan, it was decided the cost allocation would be based on flow until the Boards had a discussion on Flow or Capacity at a later date, and the dollar amount could be amended by an invoice at any time. Enns asked District Council Tim Carmel if he would be willing to work with Mr. Schulz on the agreement before it came back to the board. Carmel indicated they would do just that and bring it back when both Staff members had a document they could endorse. Carmel indicated he must have missed something at sometime due to the fact did not know we were looking at the JPA and he did not know there was an "issue". Enns indicated he was not sure why we were looking at other agreements and he was not aware of any "argument" that is going on, noting he had asked Morro Bay to come forward with any concerns they had about the document, but they had yet to see any of those concerns. Carmel said the paragraph reads, "unless otherwise agreed by the parties the cost will be based on capacity", so the sky is the limit as to what we want to agree to. DeMeritt noted she had brought this "argument" before the Board in the past, as it has been an issue for her since she came onto the Board, indicating that this agreement was written back in 1982 about another remodel of a plant and refers to things that were going on 30 years ago and need to be addressed. Enns said he was still not sure what the concerns Morro Bay has and he is ok with letting the attorneys deal with it and bring it back to the Board. It was decided to bring the item back to the full Board.

C. NEW BUSINESS

1. Audit Presentations – FY 2003/04 and 2004/05 – Recommend approve

Finance Director, Susan Slayton introduced Bob Crosby of Crosby & Cindrich who presented the FY 2003/04 and FY 2004/05 Audit Presentation to the Board. Peters asked why there is not a figure for Morro Bay in the 6/30/05 column. Mr. Crosby indicated it was all paid off in 2005. Winholtz asked about the discrepancy on page 8 for the Totals of the Capital Assets. Mr. Crosby explained it was depreciation and deletions from the GASB 34 event. Winholtz noted she would like to have the Management Analysis that is suggested in the Independent Auditor's Report added to their report. Mr. Crosby noted it can be added, but would be based on the individual entities financial statement agreement. Raimondo asked about the "pooled" money and if it is "fenced". Slayton said it's in it's own fund but it is invested with the City's entire pool of money.

MORRO BAY MOTION: Winholtz, Peirce 2nd to approve the item with a request to have the Management Analysis added for all future reports, including the one they are currently working on. **VOTE:** 5 – 0.

Enns asked for clarification for what Morro Bay asked to have added to the report. Mr. Crosby clarified what the Management Analysis includes. Enns asked Bonnie if they already do that for their reports. Bonnie Connelly indicated she does do that to some extent for their financial reports, but it might give more insight for these reports. Enns asked for clarification as to who would do this part of the report and it was clarified it would be done by Ms. Slayton and Ms. Connelly.

CAYUCOS MOTION: Raimondo, McHale 2nd to approve the item with a request to have the Management Analysis added for all future reports, including the one they are currently working on. **VOTE:** 5 – 0.

2. Discussion, Consideration, and Approval of Funding for the City of Morro Bay Space Needs Assessment for Corporate Yard and Wastewater Treatment Plant Expansion – Recommend Approve

Keogh reviewed the Staff Report noting how the amount of \$16,567 was determined from the total design cost of \$49,740 and one of the major decisions that still needs to be made is the location of the oxidation ditches. Winholtz confirmed that the compost beds are not included in this, just the oxidation ditches. Keogh said he looked a number of options with RRM Design Group.

Winholtz expressed her concern about impacting the RV Park and the concrete plant. Keogh noted RRM Design Group was given all the properties to look at and present the best option with the least number of impacts. Enns indicated he and a number of other Boardmembers attended the opening of the CMC facility today. He felt the only odor seemed to come from the headworks and he liked their design especially since the effluent only had to be pumped once and the balance was done by gravity. He was very encouraged that the footprint of our plant could be very small and remain inside of the fence line, so they won't affect the Corp. Yard property, which means the City can do what they want with that property. Keogh noted the design is likely to put the oxidation ditches in a fashion that would cause an impact on the Corp. Yard and we do need to have the location of the oxidation ditches determined before the Environmental Phase can move forward.

Enns stated Cayucos does not want to spend money on the RRM Design as Carollo has said the plant can be built within the existing fence line. He also said that if Morro Bay wants to expand the Corp. Yard that is their business and if they need to buy jointly owned property Cayucos would be willing to discuss that, but did not want RRM Design to do the design for the plant.

Grantham commented that the odor was very unpleasant at the headworks of the CMC Project and noted Morro Bay has concerns about odor affecting the RV Park. Enns noted that the facility in Pismo has covered their facilities and run the air thru a filter, thus eliminating most of the odor, so he is not concerned about odor from the headworks, but does have some concern about the sludge drying beds. Enns said if the issue tonight is to pay or not, they would be willing to continue the item to the next meeting or continue it to after the discussion of item C3. Keogh noted that the City has already entered into a contract with RRM Design Group so they will be moving forward with the project. Enns stated that if this layout really does involve Cayucos, they would be willing to discuss it at a later date. Carmel suggested continuing this item to a later date as Cayucos has not been involved in this project up to now and has not seen the RFP, Scope of Work, Insurance Documents and so on. Peters noted that this was done because it is necessary for the City at this time.

CAYUCOS MOTION: McHale, Fones 2nd to continue this item to the next JPA Meeting. VOTE: 5 – 0.

MORRO BAY MOTION: Winholtz, Grantham 2nd to continue this item to the next JPA Meeting.

Winholtz asked if the layout we are looking at includes in the footprint the addition of the additional chlorine or UV equipment we will need to go to tertiary. Keogh said those items would not be that big of an impact. Winholtz noted that she did not think that any of Carollo's layouts kept them completely within the fence line and that the option we voted for by nature is a larger footprint than some of the other available options. VOTE: 5 – 0.

Fones commented that they are looking at their needs of their Corporate Yard and they haven't brought that to Morro Bay, so he felt that Morro Bay shouldn't bring their problem to them. Enns noted the fence is not well defined, so they should determine where the real fence is located.

3. Discussion, Consideration, and Approval of the Request for Proposals for Environmental Review and Analysis – Recommend approve

Keogh introduced the item noting some grammatical changes that have been received and that they are looking for approval of this document tonight with the knowledge that the attorneys will review it and give their blessings before the RFP goes out on the streets. He said the RFP is to higher a qualified consultant who would guide them thru the State and Federal Environmental Processes.

DeMeritt clarified that they will be looking for a consultant that will actually improve the environmental quality of the plant. She then asked for clarification on whether we are looking at the RV Park or the trailer storage area for potential areas of expansion. Keogh clarified that RRM Design has been given full reign to look at all options and all properties. DeMeritt asked if the costs for this contract would be split based upon capacity or flow. Keogh said in order to stay consistent; he suggested that we use the same language we used when they awarded the contract for the Facilities Plan, which indicates there is a gray area there and it will need to be reconciled in the future. Peirce understands Dylan has given RRM full reign, but RRM needs to understand that going into the RV storage will receive resistance from at least one person.

Winholtz asked for the slight discrepancies on page four and six in which page four paragraph three refers to the trailer park and the storage and page six refers only to the trailer storage. She also asked if Cayucos should be removed from page six paragraph four in the RFP where it talks about us working together with RRM Design Group. Then she asked for the document to be clearer to the layperson that we are not trying to get around something but to resolve something. Keogh assured the Council that the people this document will go to are very technical and they will know exactly what they are after. Bruce Ambo, Public Services Director clarified the reason for issuing the RFP in this manner and that when the proposals come back they will be in a very understandable language.

Raimondo inquired as to what companies Keogh thinks might respond to this RFP. Keogh said he has heard names such as Morro Group and Padre; Boyle Engineering and Cannon Engineering are going to give him some names that have helped them out in the past; and he will contact Pismo Beach and Carollo to see whom they used.

Enns asked to have RRM Design struck from the RFP. Keogh acknowledged that could be done. Enns asked if it is possible to start some of the preliminary design work now so we could know more for the EIR. Ambo indicated that the correct process would be to start the EIR now, because it is going to take more than one year to get the EIR completed, so there is a lot of work that can take place on the design in the meantime as they can take place concurrently. Enns agreed to start the EIR now, but would like to start the design work as well to move the time schedule up. Peters commented that part of staggering them is for financial reasons because of the costs to do those items. Schultz reminded the Council and the Board that tonight's item is to approve an RFP for the environmental review.

Keogh confirmed for Peirce that the RFP that will go out will be different than what they are looking at tonight in that the changes are only grammatical and fine tuning; content and approach are the same. Peirce said if content and approach are not going to change then he is ok with the attorneys reviewing the RFP. DeMeritt asked that in the future the changes be brought before both Boards for review, because she is uneasy with approving something that is going to have changes to it before it goes out to the public. Schultz clarified that it is just a Request for Proposals and they will scrutinize the proposals when they receive them. Schultz acknowledged for Raimondo that the proposal response, not the RFP, would be part of the contract.

Peters clarified that the only change made tonight was to remove one sentence on page six that mentions RRM Design Group. The Council and Board agreed.

MORRO BAY MOTION: Peirce, Grantham 2nd to direct Staff to proceed with the RFP with the elimination of the one sentence on page six. VOTE: 5 – 0.

CAYUCOS MOTION: McHale, Fones 2nd to direct Staff to proceed with the RFP with the elimination of the one sentence on page six. VOTE: 5 – 0.

4. Discussion and Consideration of the Type of Meeting Minutes for JPA Meetings

Keogh introduced the item asking the Council and the Board to direct Staff as to their preferred type of minutes. Peters asked who brought this item up; DeMeritt noted that her concern was more for questions that had been listed in the minutes with no answers, not with changing the type of minutes. Keogh noted that in reviewing the past

meeting that Winholtz also had issue with the minutes not being complete enough. Enns said he has been satisfied in the past with the minutes as long as the intent is there. Peters clarified that the minutes need to summarize important content including the answers as well. Grantham reminded everyone that the videos for these meetings are available at the Plant dating back to 1997.

5. Schedule Next Joint Meeting and Agenda Items

DeMeritt suggested not having a meeting in December due to the holidays. Winholtz reminded the Council they have appointments for the various boards to make in January, so February might be better. Keogh noted he doesn't have any pressing issues; the RFP will close at the end of January and the award of contract wouldn't be until March. Enns commented that he would like to move some portion of the design work up so February would work. Keogh said he could start working on some concepts for the design RFP. Peters asked Enns to clarify his future agenda item. Enns said he would leave that up to Keogh, who said that he would suggest having a design discussion only to determine what goes into the RFP. Enns clarified his future agenda items to be; the overall schedule, whatever reports Keogh has for the design RFP and a report of the proposals received for the environmental RFP. Peters suggested the second week of February and Ambo suggested the third week of February. The Council and the Board agreed on February 13, 2008.

Interim City Manager Andrea Lueker introduced herself.

DeMeritt asked Cayucos, since they are scheduled to host the next meeting, if it would be in Cayucos. Enns stated as a courtesy to AGP they have agreed to have them in Morro Bay. Callahan noted they have had issues securing reservations at the Cayucos Vets Hall, but he will see if it is available for February 13, 2008.

Winholtz confirmed with Enns that the discussion about RRM Design Group would be on the next agenda. Enns said it would be due to the fact they voted to continue it to that meeting.

ADJOURNMENT

MORRO BAY MOTION: Winholtz, DeMeritt 2nd to adjourn the meeting. There was consensus to adjourn.

CAYUCOS MOTION: McHale, Lyon 2nd to adjourn the meeting. There was consensus to adjourn.

Minutes recorded by: _____
Kimberly Peeples