

AGENDA ITEM: A-1

DATE: September 12, 2013

ACTION: APPROVED

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

**MINUTES**

CAYUCOS SANITARY DISTRICT  
**BOARD OF DIRECTORS:**

Robert Enns, President  
Dan Chivens, Vice-President  
Shirley Lyon, Director  
Michael Foster, Director  
Dan Lloyd, Director

CITY OF MORRO BAY CITY COUNCIL  
**MEMBERS:**

Jamie Irons, Mayor  
George Leage, Vice-Mayor  
Nancy Johnson, Councilmember  
Christine Johnson, Councilmember  
Noah Smukler, Councilmember

**MEETING DATE:**  
6:00 p.m., Thursday, June 13, 2013

**HOSTED BY:**  
Cayucos Sanitary District

**MEETING PLACE:**  
Cayucos Veterans Hall  
10 Cayucos Drive  
Cayucos, CA 93430

***CALL TO ORDER AND ROLL CALL***

President Enns called the meeting to order at 6:03 p.m.

Morro Bay City Council members present were Mayor Irons, Vice-Mayor George Leage, Council-members, Nancy Johnson, Noah Smukler and Christine Johnson.

Cayucos Sanitary District Board members present were President Robert Enns, Vice-President Dan Chivens, Directors Shirley Lyon, Director Foster (arrived at 6:08 pm), and Director Dan Lloyd (arrived at 6:12pm).

Morro Bay Staff members present were Bruce Keogh, Rob Livick, Andrea Lueker, and Susan Slayton

Cayucos staff members present were District Council Tim Carmel, Rick Koon, and Danielle Crawford

***PUBLIC COMMENT PERIOD***

Members of the audience wishing to address the governing bodies on Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) business matters may do so at this time. By the conditions of the Brown Act, the governing bodies may not discuss issues not on the agenda, but may set items for future agendas. When recognized by the Chair, please come forward to the podium and state your name and address for the record. Comments should be limited to three minutes.

All remarks shall be addressed to the governing bodies, as a whole, and not to any individual member thereof. This governing body requests that you refrain from making slanderous, profane, or personal remarks. Please refrain from public displays or outburst such as unsolicited applause, comments, or cheering. Any disruptive activity that substantially interferes with the ability of this governing body to carry out its meeting will not be permitted and offenders will be requested to leave the meeting. Your participation in JPA meetings is welcome and your courtesy will be appreciated.

President Enns opened Public Comment.

- Richard Sadowski – Morro Bay. Referred to articles in SLO Coast Journal regarding the Joint Powers Agreement. Richard stated there are some key issues that need to be addressed, such as the significance of Cayucos’ dedicated line discharge and reevaluating the JPA. We need a JPA that is current before having another meeting, otherwise it is just a waste of time and public funds.
- Marla Jo Bruton – North Morro Bay. Her understanding is that around 1982, when the JPA was written, it was a settlement for litigation, and because has been 30 years, she feels the litigation should be settled by now so “why is it pointed out in the JPA that no one working with the Morro Bay Waste Water Treatment Plant, having anything to do with that plant, has to be approved by Cayucos before they are hired by Morro Bay?”

Hearing no further comments President Enns closed Public Comment.

### **A. CONSENT CALENDAR**

1. MINUTES OF MAY 9, 2013 JPA MEETING – Recommend approve as submitted.
2. WWTP OPERATIONS REPORT THROUGH APRIL, 2013 – Recommend receive and file.
3. STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP – Recommend receive and file.
4. 2011/12 COMPONENT UNIT AUDIT – CONSTRUCTION IN PROGRESS – Recommend receive and file.

Councilmember Smukler requested Agenda Item A-3 be pulled for separate discussion.

**MORRO BAY MOTION:** Mayor Irons made a motion to approve Consent Calendar Items A-1, A-2 and A-4. Councilmember Christine Johnson seconded. Motion passed (5-0).

**CAYUCOS MOTION:** Vice-President Chivens made a motion to approve Consent Calendar Items A-1, A-2 and A-4. Director Lloyd seconded. Motion passed (5-0).

Smukler said he pulled A-3 to give Keogh a chance to review some of the experience he has had touring different plants around the state.

Keogh mentioned some of the plants they toured were Paso Robles WWTP, City of San Luis Obispo, Thousand Oaks WWTP, and Carpentaria WWTP. He discussed several reasons for touring the different plants; such as to evaluate the various treatment processes, equipment alternatives, and to mine the experience of other operators. Keogh said they plan to do more tours as they get farther into some of their other projects.

President Enns opened Public Comment.

- Betty Winholtz – Morro Bay. Questioned Keogh on Item A-2 (pg 2 & 3) asking if there has been some resolve in May referring to 2 pieces of equipment, one for sludge (digester #2) and the other for the main breaker, noting that identical information is listed in both his March and April reports. She also commented on Item A-4, saying “if this Board cannot get a plan in place in the next 2 years by stepping outside of the box rather than doing the traditional thing of going through all of these experiments and looking at this and

this and this and still looking at this same old plant you guys aren't doing, you're not worth your salt, you're not doing your job".

- Marla Jo Bruton – North Morro Bay. Commented that she hopes if Keogh is planning more tours, he will tour plants that are not being updated with old technology. She said that it appears more attention is being put on updating a plant that has been determined not updatable.

Hearing no further comments President Enns closed Public Comment.

**MORRO BAY MOTION:** Mayor Irons made a motion to approve Consent Calendar Item A-3. Councilmember Smukler seconded. Motion passed (5-0).

**CAYUCOS MOTION:** Director Foster made a motion to approve Consent Calendar Item A-3. Director Lyon seconded. Motion passed (5-0).

## **B. OLD BUSINESS**

None

## **C. NEW BUSINESS**

**1. CONSIDERATION TO ADOPT FISCAL YEAR 2013/2014 WWTP BUDGET – Recommend that the Board of directors of the Cayucos Sanitary District approve the FY 2013/2014 budget.**

Susan Slayton briefly went over her staff report highlighting some additions and corrections that have been made. Such as \$24,300.00 that WWTP staff recommended be added to the budget and split amongst line items 5504, 6601, 5215, & 5301, and also \$1,040,00.00 for capital outlay that was not originally in the proposed budget.

Much discussion continued amongst the panel regarding clarification on budget concerns and appropriateness of a “mixed motion”. Carmel explained that the Board can defer consideration of such items.

Enns asked Keogh to clarify if this budget is mainly for a new plant, or for the MMRP? Says he wants more information before approving the \$1.4 million. Posing the question, are we going to “band aid” this plant? Will we be spending a million dollars per year on a plant that we are just going to demo?

Lloyd asked if Morro Bay can approve and then go back later.

Irons asked if Cayucos’ vision and concerns with the budget amounts are grossly off from where the numbers are at now.

Enns would like discussion on this topic at the next meeting.

Smukler would like specifics as to what Cayucos has questions on and wants discussion at this meeting.

Foster pointed out one of his concerns relating to an operating expense. He referred to the \$169k for earthquake/flood insurance based on \$34 million plant value with a 5% deductible, wants independent review.

Smukler stated that he would like more details of Cayucos’ concerns and reiterated that he would like the dialogue to happen at this meeting.

Irons asked Cayucos if MB needs to “tweak” their numbers, or is CSD not in favor of MMRP in its entirety.

Enns gave a couple of examples of his concerns with some of the line items but did not want to go into detail during this JPA.

Lloyd stated that the CSD has been willfully involved and “on board” but feels unprepared to make decision or discuss right now.

Irons asked Keogh to elaborate on the MMRP and address some of the questions that have been raised thus far.

Keogh discussed MMR logistics and stated the MMRP is intended to keep the plant functional for 2-7 years. He explained there was nothing added to the budget this fiscal year for any electrical upgrades, clarifiers, digesters, or structural integrity. Keogh stated his objective is to try to not spend an undue amount of money on the maintenance, and he hopes to refine projects and numbers as they move forward.

Lloyd appreciated Keogh’s comments and asked MB to be patient with CSD while they are doing their due diligence and he is confident Cayucos will get there.

Enns would like both staffs to get together, and asked if he could take a “walk through” of the plant with Keogh so he can point out some of the things he has mentioned allowing Enns a better understanding of where the money will be going.

Lloyd said that he too would be interested in attending a walk through.

President Enns opened Public Comment.

- Betty Winholtz – Morro Bay. Thanked Enns, Foster and Keogh for their earlier comments and added that she is not in favor of the \$55,000.00 salary increases during “tight times when we cannot afford to do that”.
- Marla Jo Bruton – North Morro Bay. Said she has been attending these meeting for more than 10 years and noticed that historically, Cayucos fights Keogh tooth and nail over every penny where things don’t get repaired.
- Richard Sadowski – Morro Bay. Says if spending \$1.2 million dollars on MMRP each year over 2 years would be \$2.5 million dollars, which can build a new state of the art plant for 2.5 million dollars.

Hearing no further comments President Enns closed Public Comment.

Smukler asked Slayton to answer questions raised during public comment regarding the personnel costs

Slayton explained in more detail the increase in personnel costs; 1% contingency, PERS went up .661%, and 3 people are entitled to 5% step increases.

Smukler suggested having a sub-committee meeting or special meeting to go over the issues Cayucos is having with approving the budget so that it will be held in a public.

Lloyd clarified the meeting would be in a public forum at the next CSD Board meeting Thursday June 20, 2013

Smukler continued by saying he is finding it very frustrating that they are not conducting the meeting right here, right now where they are already in a public forum.

Lloyd said “that’s certainly one way to do it”.

Enns responded that they can take this meeting, and that he is prepared to go line item by line item if Smukler would like to take the time right now. He added that quite a bit of time had been spent between Koon, Slayton, and Keogh finding that the budget has a number of errors.

Smukler again stated that he thinks they should talk about the budget here, right now.

Discussion continued amongst Enns and Smukler on budget concerns.

**CAYUCOS MOTION:** President Enns made a motion to approve the \$2,103,267.00 of Agenda Item C-1 and reserve the \$1,040,000.00 for later discussion and approval at the Cayucos Board meeting on June 20, 2013. Director Lyon seconded. Motion passed (5-0).

There was additional discussion between Morro Bay staff and Enns to clarify and itemize the amounts stated in his motion.

**MORRO BAY MOTION:** Mayor Irons made a motion to approve Agenda Item C-1 as proposed. Councilmember Smukler seconded. Motion passed (5-0).

President Enns moved to item C-2.

## 2. VERBAL REPORT BY THE CITY AND DISTRICT ON THE PROGRESS OF THE FUTURE WWTP.

Lueker said that on June 11, 2013 the City Council approved and entered into a contract with John F. Rickenbach Planning and Environmental Consulting as a preliminary planning consultant for the water reclamation facility. They are hoping to schedule a “kick off meeting” sometime next week. After the kick off meeting, they will begin working with community stakeholders, and within four weeks of the kick off meeting, they will have a community meeting where they will be discussing community interests to engage the community in the project. She also mentioned a program on their website called “Notify Me” which is where someone can enter their e-mail address, and be notified when anything new is dropped into the system. There is a separate “Notify Me” specifically for the water reclamation project as well.

Livick added that the four-week date Lueker had mentioned earlier for the community meeting would have some flexibility to ensure no conflict of Council availability.

Enns then asked the Board if they had any further comments on Morro Bay’s progress. Hearing none, he asked

Lloyd to give an update on progress with Cayucos.

Lloyd said last week they received what he would call an “incomplete preliminary draft” of the work they had contracted WSC to complete, so he didn’t have much progress to report tonight but mentioned that he may have a report by the next BOD meeting June 20, 2013 and will plan to give an update on WSC at that time.

Smukler asked if the report will be posted once they have a draft they feel is complete.

Enns answered yes, it will become a public document.

Enns then moved on to item C-3

### 3. DISCUSSION ON MEETING FREQUENCY FOR JPA MEETINGS BETWEEN THE CITY AND SANITARY DISTRICT.

Lyon said until we have a project, meetings should be every three months or they can call a special meeting if necessary. Would like to have quarterly meetings just as they had before when they weren't really getting a project up and once they get a project going, they can go back to monthly meetings or even more often if necessary.

Lloyd asked (referring to previous item C-2) based on the schedule with Rickenbach, when do you expect a preliminary report will be available.

Livick replied that the ultimate goal set by Council was to have the site selected and the treatment process selected by the end of this calendar year.

Lloyd asked if they would be reporting their progress in open session to the public at their council meetings.

Livick said yes, they have scheduled status report updates for water reclamation facilities project every first Council meeting of the month and they publish it on the website as well.

Lloyd asked if CSD can take a separate action on the MMRP budget item without necessitating another JPA meeting to approve it.

Irons stated quarterly meetings would be ideal considering Morro Bay would still discuss WWTP issues on a monthly basis at the Council meetings. He noted it is important to provide the public with this information; however, it is not necessary to bring the Board together to do so.

C. Johnson suggested that everyone still "pencil in" the monthly JPA meeting just in case they need to meet in between the quarterly meetings. She also recommended that Cayucos and Morro Bay staffs get together to share progress and staff reports on a regular basis to keep the Board informed and be able to update the community at monthly meetings.

N. Johnson asked Livick if July 2013 is when they will hear their first report from Rickenbach.  
Livick answered yes

There was further discussion between N. Johnson and Livick regarding Consultant Rickenbach's schedule, timeframes, proposed deadlines and the tentative dates of when JPA should meet again.

Smukler mentioned that he would like to meet when Cayucos has their WSC draft available.

Lloyd clarified that their efforts are not directed at finding a location but more so aimed at finding technology and the probable costs associated with that technology.

Foster suggested putting things on each other's Board agendas, stating that Cayucos could have the MMRP budget amount discussed at their next Board meeting.

President Enns then opened Public Comment.

- Betty Winholtz – Morro Bay. Wants to know whether this JPA is going to hang together or not.
- Marla Jo Bruton – North Morro Bay. Asked on behalf of the citizens, "we would like to be present and on

board”, and wants to keep JPA monthly and does not want to go quarterly.

- Richard Sadowski – Morro Bay. Asked Lloyd to figure out if they are together or not.

Hearing no further comments, President Enns closed Public Comment.

#### **4. SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS**

Enns agreed with C. Johnson in keeping the second Thursday of each month open. He announced the next JPA to be Thursday, September 12, 2013. Enns thanked Keogh and pointed out that he was not criticizing his chart in item A-3, stating he has always done a great job. He thanked AGP for posting the photograph of Cayucos, and clarified to Smukler the appropriate way to answer public comment is not during, but after public comment is closed.

Lloyd asked for clarification of “tentative” monthly meeting dates.

Irons discussed with Morro Bay the proposed quarterly JPA meetings, but keeping the monthly date set as tentative.

Smukler directed questions toward staff asking if they foresee any items they would like to bring to a meeting before going to a quarterly JPA.

Livick confirmed that he did not see any common items warranting a JPA before the next quarterly meeting.

Smukler said he could go along with quarterly meetings at this time.

Lloyd asked if they could define one or two weeks ahead of time in July and August whether or not there will be a need for a JPA meeting.

Enns and others confirmed they have a policy that says they would have two weeks notice if a meeting is warranted.

Lloyd added that the CSD Board would report to Morro Bay any action they’ve taken or any documents to share with regard to progress during this interim period if occurring before the next JPA meeting.

Irons said they will also get together in some fashion to tour the plant together.

#### **ADJOURNMENT**

President Enns adjourned the meeting at 7:36 p.m.

#### **Minutes Recorded and Respectfully Submitted By:**

Danielle Crawford  
Administrative Services Billing Manager