

AGENDA ITEM:           A-1          

DATE:           June 12, 2014          

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

**MEETING DATE:**

6:00 p.m., Thursday, February 13, 2014

**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 6:06 p.m.

Morro Bay City Council members present were Mayor Irons, Vice-Mayor Christine Johnson, Council members Nancy Johnson, and Noah Smukler. Council member not present, George Leage.

Cayucos Sanitary District Board members present were President Robert Enns, Vice-President Dan Chivens, Directors Shirley Lyon, Michael Foster, and Dan Lloyd.

Morro Bay Staff members present were Bruce Keogh, Rob Livick, Susan Slayton, and Rick Sauerwein.

Cayucos staff members present were District Counsel Tim Carmel, District Manager 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 joint meetings is welcome and your courtesy is appreciated.

President Enns opened Public Comment.

- Doug Claasen – Morro Bay, manager and an owner of the Morro Dunes RV Park. In the past he was concerned about where the plant will be built and the smell but it sounds like the plant won't be staying there. He said he's heard talk that Cayucos wanting to operate it, but feels if the City can't do it, the plant shouldn't stay there at all. He said he has several packets of signatures from people that stayed at the park. He handed copies of petitions to Cayucos staff, Danielle Crawford, then asked if anyone is going to try to operate the current plant.

Hearing no further comments President Enns closed Public Comment and moved onto the consent calendar.

#### **A. CONSENT CALENDAR**

1. MINUTES OF DECEMBER 12, 2013 JPA MEETING  
**Recommend approve as submitted.**
2. WWTP OPERATIONS REPORT THROUGH DECEMBER, 2013  
**Recommend receive and file.**
3. STATUS REPORT ON THE NPDES PERMIT RENEWAL PROCESS  
**Recommend receive and file.**
4. FINANCIAL STATUS REPORT THROUGH DECEMBER 31, 2013  
**Recommend receive and file.**

Enns asked the panel if anyone wishes to pull one of the items for separate discussion.

Smukler mentioned wanting a review and discussion of the RWQCB meeting and asked if that would fall under item A-3.

Enns answered "no" and said that will be discussed under item C-1 (New Business).

Irons said he had nothing to "pull" with regard to item A-2, but wanted to recognize the Waste Water Treatment team for working diligently on the emergency generator malfunction and commended them on a job well done.

Enns asked to formally pull A-2 for separate discussion then asked for a motion on A-1, A-3, and A-4.

**MORRO BAY MOTION:** Councilmember Smukler made a motion to approve Consent Calendar Items A-1, A-3, and A-4. Vice-Mayor Johnson seconded. Motion passed (4-0).

**CAYUCOS MOTION:** Director Lloyd made a motion to approve Consent Calendar Items A-1, A-3, and A-4. Director Foster seconded. Motion passed (5-0).

Enns asked for verbiage clarification of item A-2. On page three, the fifth paragraph currently states "***Enns Electric***" however, President Enns wanted to clarify that the name is misspelled and should read "***Ens Electric***" (owned by Mike Warholm) adding that there is no affiliation with "Enns Construction".

Keogh confirmed this was a typo and apologized for the error.

**CAYUCOS MOTION:** Director Lyon made a motion to approve Consent Calendar Item A-2 as amended. Director Lloyd seconded. Motion passed (5-0).

**MORRO BAY MOTION:** Vice-Mayor Johnson made a motion to approve Consent Calendar Item A-2 as amended. Councilmember Smukler seconded. Motion passed (4-0).

## **B. OLD BUSINESS**

### **1. STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP – Recommend receive and file.**

Keogh gave an overview of the MMRP status report noting recent areas of accomplishments, and highlighting some of the projects that are ongoing at this time. He talked about repairs performed on Digester#2 and touched on the RFP for the Headworks Influent Screening Project. Keogh also discussed the Reconditioning of the Chlorine Building, the Interstage Pump and Valve project, and said that Black and Veatch (B&V) completed the electrical equipment assessment and evaluation. He said that he brought a video with him to show some of the projects but the room was not set up to be able to view it so he will schedule it with AGP ahead of time and it should be available at the next joint meeting.

Report received

Enns asked Koon if he would like to add anything to the MMRP discussion.

Koon said that Cayucos was well informed of the electrical happenings over the holidays and will elaborate on the other two items (the digester coating and the headworks screening) when items C-2 and C-3 are discussed later on.

Irons pointed out that he was especially impressed with some of the comments and recommendations given in the Black and Veatch executive summary and agreed with their approach in solving the issues at hand.

Smukler asked Keogh if he would elaborate on the necessity of the MMRP projects in an attempt to address some public concerns regarding the money that is currently being spent on maintaining the plant.

Keogh said maintaining the plant's operational efficiency and reliability is paramount and said they are trying to be as cost effective as they can in bringing projects forward.

Koon added that they had gone over the MMRP with the RWQCB at their recent meeting and they appeared encouraged and very pleased with what Morro Bay and Cayucos was doing.

C. Johnson thanked everyone for being diligent about the cost savings for the necessary repairs and said she is happy that the CSD and MB are working closely with Mike Nunley and feels that to be an additional level of security.

Enns commented to C. Johnson stating that he recalls the timeline for the new plant would have been March 2014 and said he assumes that they would not have spent any money on the old one after that.

President Enns opened for Public Comment.

Hearing no comments, President Enns closed Public Comment and moved onto item C-1.

### **C. NEW BUSINESS**

#### **1. VERBAL REPORT AND DISCUSSION BY THE CITY AND DISTRICT ON THE PROGRESS OF THE FUTURE WWTP.**

Enns said that there was a meeting with the RWQCB that both the Morro Bay staff, and the Cayucos staff attended. The Cayucos Ad-Hoc committee, consisting of Dan Lloyd and Robert Enns, has met. He asked Lloyd to say a few words regarding the Ad-Hoc meeting. Enns stated that Koon and Carmel were present at the RWQCB meeting also and asked them to comment as well.

Lloyd said the Cayucos Ad-Hoc committee met to discuss issues related to direction of the Cayucos Sanitary District and their options for research on various treatment styles, such as package treatment plant options. They also discussed siting options for a new treatment plant within Cayucos as well as right of way issues related to that. Lloyd said no action was taken, they are in “discovery mode” identifying pros and cons of the various site options and that they are keeping their options open.

Carmel said that the Morro Bay staff and Cayucos staff, along with the RWQCB and the County, all had a very productive meeting last Friday. He said they went over virtually all the issues they are facing, particularly emphasizing coordination of their respective projects (individually and together). Carmel said that most of the key players attended this meeting, and that it was sort of a top-level strategy meeting as to how to move forward most effectively. There was an emphasis on the CMC site, a regional direction, and teamwork.

Koon said that there is a meeting scheduled tomorrow morning between Cayucos and Morro Bay staff to go over the outcome of last Friday's RWQCB meeting and what can be done moving forward.

Livick discussed some activities that the City of Morro Bay has engaged in since the previous City and District meeting. He said that they reached out to a couple of consultants that they have relationships with. They contacted Cleath Harris Associates (a hydro geological consultant) to look at the benefits to the City's well fields if there was a discharge in Chorro Creek and received a proposal from him. They also received a proposal from the Rickenbach/Nunley team to move the project forward and at last Tuesday's meeting, the Council authorized additional money to fund those two contracts.

C. Johnson had some general questions in follow up to Carmel's earlier comments. First, she asked if someone could expand and give some more information regarding the pending legislation on recycled water.

Koon said that it became obvious to him with the current drought we are in, the legislation is starting to push forward through the assembly and everything with recycled water is being driven by the drought. He referred to the “Steinberg bill” and talked about San Diego being the only other agency right now that has a 301(h) permit. Koon added that San Diego is building satellite plants and they have 3 test cases, one that is using potable reclaimed water in a reservoir situation, and the other two are dealing with groundwater and the reuse after it goes into the groundwater.

Carmel added that the focus of that legislation is direct reuse of reclaimed water. He said that the “toilet to tap” taboo is going away and although there is a prohibition on it at this time, they are thinking within six months to a year, there may not be a prohibition on it.

C. Johnson thanked Carmel and Koon for their comments and asked Carmel to clarify his report where he mentioned “clear sense of regulatory expectations”.

Carmel responded by saying “they said do it focused, do it quickly, continuously”, and “meaningfully”, in terms of progress. He said reclamation was key and the focus was to move on and make sure you’re documenting accordingly.

Koon added that the ability to come up with a cohesive project description sooner rather than later was emphasized as far as access to available funding out there and the faster we can get together and get a project description out there, the faster we get our name on the list. He said there are not a lot of names on the list right now, but they told us there would be quite a few very soon because of the drought.

C. Johnson asked Livick to clarify when he mentioned, “the discharge agency has rights to water” in his report, who the “discharge agency” would be in a shared facility at CMC.

Livick responded by saying he guesses it would depend on who holds the permit on that discharge and how the agreement is written. He then gave a couple of different scenarios regarding this.

C. Johnson asked if there is a timeline between the State Department of Corrections, and the County of San Luis Obispo about transitioning that plant.

Livick said they didn’t talk about a real firm timeline, but he thinks they have a meeting set up in Sacramento within the next few weeks regarding the operations. He said the County is mainly interested in potable water.

Some discussion on the topic continued between Carmel, C. Johnson, Livick, Smukler and Mayor Irons.

Koon said Morro Bay and Cayucos are meeting on February 14, 2014 to discuss all of this and to come up with a timeline. He added that Regional and County are moving in different direction because of the water shortage.

Smukler asked if Cayucos is still interested in attending some of their exploratory meetings regarding other options such as Morro Valley.

Koon said that will also be part of the discussion tomorrow.

C. Johnson asked Carmel if there would have to be some sort of legislation reversed in order to transfer any operation of a wastewater treatment facility from a State Corrections agency to a local agency.

Carmel said there will be some sort of special legislation necessary and that it couldn’t be done at this point because the State cannot serve local entities.

Lloyd commented that he is encouraged by the conversations going on between their respective staffs, the County and the RWQCB; because of the drought situation, there may be better funding.

President Enns opened Public Comment.

- Richard Sadowski – Morro Bay. Said according to the consultant Morro Bay hired, the regional/CMC option was not the best so he feels like it's the tail wagging the dog with Cayucos running the show again when Morro Bay is supposed to be the lead agency. He suggested a new JPA and referred to the report he submitted 7 years ago outlining the shortcomings with the current one.

Hearing no further comments, President Enns closed Public Comment concluding item C-1 and requested a 10-minute break.

President Enns called the meeting back to order at 7:04pm and moved on to item C-2.

**2. AWARD OF CONTRACT TO VULCAN INDUSTRIES, INC. OF MISSOURI VALLEY, IA, FOR THE PROPOSAL NO. MB2014-WW01 HEADWORKS SCREENS EQUIPMENT PROCUREMENT – Recommend City Council and Sanitary District Board award the Proposal contract to Vulcan Industries, Inc. in the amount of \$316,280.00.**

Enns would like to hear staff discussions and make one motion on items C-3, C-4, and C-5.

Irons corrected to C-2, C-3, and C-4.

Keogh said with regard to items C-2 and C-3, he would like to introduce and have Rick Sauerwein discuss.

Sauerwein asked the Board and Council to award a contract to Vulcan Industries, Inc. in the amount of \$316,280.00 for a procurement of headworks screens and a washer compactor. He said a very thorough RFP went out on January 5, 2014. After the proposal due date of January 27, 2014, they met with equipment providers and then invited those bidders to interview on February 5, 2014 to give presentations on the specialties of their equipment. The adjusted price range of those proposals ranged from \$291,686.00 to \$367,069.00. He said choosing Vulcan was a unanimous decision by the judging panel and added that Vulcan has a very long and impressive record of accomplishment in the headworks industry.

Smukler said that they had ruled out the likelihood that this piece of equipment could be potentially transferrable to new plant and asked Sauerwein if the possibility has changed.

Sauerwein said it would be very premature to make that judgment when we don't know exactly what kind of a new plant we'll be dealing with but that they will definitely take advantage of that if the opportunity presents itself.

Irons asked if there was a market for used headworks screening and did they check around for that.

Livick thinks there is a market for that and he thinks Paso Robles will be selling their headworks screening unit, but the timing just doesn't work out because they aren't quite done with it yet. He added that there is nothing currently on the market to satisfy their needs.

Lloyd said we don't know where we are going, or how we are going to deal with it, but we do know one thing and that is that our existing infrastructure all feeds to one location and that location is where we are putting the screening. He thinks it's premature to consider that it's not going to have some viable utility into the future.

Foster said he read Rick Sauerwein's criteria on his proposal and methodology for selection. Foster thought it was very rational, thorough, and commended Sauerwein and the staff for their efforts.

Enns then moved to item C-3

**3. AWARD OF CONTRACT TO COR-RAY PAINTING COMPANY, OF SANTA FE SPRINGS, CA FOR THE PROJECT NO. MB-2014-WW02 DIGESTER #2 COATING PROJECT – Recommend City Council and Sanitary District Board award the Project contract to Cor-Ray Painting Company in the amount of \$98,920.00.**

Sauerwein said they are seeking approval to award a competitive contract for the coating of Digester #2 to Cor-Ray Painting Company. The invitation for bid went out; ten companies were interested and visited the plant on February 4, 2014. They received six proposals ranging from \$98,920.00 to \$211,000.00. He said they did have concerns about Cor-Ray's ability to perform. They did an extensive check of references, and got some glowing feedback regarding Cor-Ray's previous work. He said adding 25% contingency to this contract for additional work is a bit unusual, but feels the circumstances they are dealing with dictates that necessity. He added that whenever you go inside a digester, there is an existing coating there, and until you peel that coating back and get down to the bare concrete, you can't be sure what additional challenges you will be facing.

Irons commended Sauerwein for being so thorough, and asked if the 25% contingency was by contractor recommendation or recommended by staff.

Sauerwein said staff recommended the 25% contingency based on their consultant meetings.

Enns asked Carmel to clarify if a motion needs to specifically include the 25% contingency because item C-3 is not written that way on the agenda.

Carmel said yes, specifically.

Enns then moved on to item C-4.

**4. BUDGET REVISION FOR ELECTRICAL REPAIRS AT THE WWTP – Recommend reallocation of the funds budgeted for replacement of the biofilter distribution arms to fund electrical repairs at the WWTP.**

Keogh commented that Les and the guys did a great job during some emergency electrical repairs that occurred between December 11<sup>th</sup> through December 23<sup>rd</sup>, 2013 while Keogh was out. He said during that process, they incurred about \$23,000.00 in repair costs, which they took out of the operational budget approved at the beginning of the FY. He said that unfortunately puts a big dent in the spending on some of their discretionary repairs. He went into detail regarding some of the more pressing repairs needed, and recommends reallocating the \$50,000.00 originally earmarked for replacing the distributor arms in FY 13/14 to the more pressing items. He said that right now the electrical issues are a higher priority but that they would still need an encumbrance of \$50,000.00 in FY 14/15 for its original intended purchase of the distributor arms.

Irons commended Keogh's team/crew and gave them kudos on a job well done.

Foster said it sounded like a safety issue and wants it done right away.

Enns wanted clarification on the transfer of funds and the budget line item in question. He stated he thinks it would be more clear where the money is spent each FY if it is not moved around. He suggested leaving the \$50,000.00 where it is, and inserting additional budget line items to capture and specify the additional needs in this FY.

Keogh concurred keeping the \$50,000.00 earmarked the way it is and adding new project line item(s) to encompass the costs incurred for these additional expenses.

Koon agreed and said that he and Keogh had talked about it and agreed to work within the 1.04 million dollar budget, they are just asking to delay biofilter arms purchase. They won't transfer any monies; they will just create this new project so that the \$50,000.00 can be rolled over to next FY.

Smukler wants to be clear this would mean that when they come back to discuss the MMRP and look at the next cycle, they would be discussing the biofilter arms and any new proposals that are necessary.

Foster said he thinks this is more in the nature of a repair, adding that it doesn't seem like this is an upgrade.

Enns said that his impression was that it was more of an emergency repair.

Keogh said yes, and the reason they bring it back to the board for discussion is because the JPA does address the ability of staff to allocate more than \$10,000.00 without board approval and it seemed prudent before they just shifted projects.

President Enns opened for Public Comment.

Hearing no comments, President Enns closed Public Comment.

Enns asked for a motion on items C-2, C-3, and C-4 with the following changes; under C-3 to add that we authorize the staff discretion in awarding additional work as may be required up to a 25% contingency, and, on item C-4, we are delaying the replacement of the biofilter distribution arms for the next MMRP.

**CAYUCOS MOTION:** Director Foster made a motion to approve Agenda Items C-2, C-3, and C-4 with the following changes; item C-3 to add that we authorize the staff discretion in awarding additional work as may be required up to a 25% contingency; and on item C-4, we are delaying the replacement of the biofilter distribution arms for the next MMRP. Director Chivens seconded.

Motion passed (5-0).

**MORRO BAY MOTION:** Councilmember Johnson made a motion to approve Agenda Items C-2, C-3, and C-4 with the following changes; item C-3 to add that we authorize the staff discretion in awarding additional work as may be required up to a 25% contingency; and on item C-4, we are delaying the replacement of the biofilter distribution arms for the next MMRP. Vice-Mayor Johnson seconded. Motion passed (4-0).

Enns then moved on to item C-5

## 5. SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

Enns asked if anyone had recommendations on items for the next agenda, or suggestions for when the next joint meeting should be held.

Koon said they really hadn't had an opportunity to discuss it yet.

Keogh suggested keeping it the second Thursday of the next month and they will see at that time if they have any action items to bring forward. That way if they need to have a meeting they will have one, and if not, they will confirm with the Mayor and Board President as to the necessity of that meeting.

Enns said that works for Cayucos.

Irons said that works for Morro Bay and asked if Council had any comments on that.

C. Johnson clarified that the next meeting date would be March 13, 2014.

Enns said the next District Board and Council meeting is tentatively set for March 13, 2014, Morro Bay hosting.

### **ADJOURNMENT**

President Enns adjourned the meeting at 7:34 p.m.

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

6/13/2014

X



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Danielle Crawford  
Administrative Services Billing Manager