

AGENDA ITEM: A- 1

DATE: September 11, 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, June 12, 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 6:11 p.m.

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

Cayucos Sanitary District Board members present were President Robert Enns, Directors Shirley Lyon, Michael Foster, and Dan Lloyd. Vice-President Dan Chivens was not present.

Morro Bay Staff members present were Bruce Keogh, Rob Livick, Susan Slayton, and Rick Sauerwein, also present were City Attorney Joseph Pannone, and Assistant City Attorney John Fox.

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.

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

A. CONSENT CALENDAR

1. MINUTES OF FEBRUARY 13, 2014 JPA MEETING
Recommend approve as submitted.
2. WWTP OPERATIONS REPORT THROUGH APRIL, 2014
Recommend receive and file.
3. STATUS REPORT ON THE NPDES PERMIT RENEWAL PROCESS
Recommend receive and file.

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

Mayor Irons mentioned he would like to pull item A-3 for clarification.

CAYUCOS MOTION: Director Lyon made a motion to approve Consent Calendar Items A-1 and A-2. Director Foster seconded. Motion passed (4-0).

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

Irons explained that he pulled item A-3 to get a brief overview and maybe discussion with Keogh or Livick concerning page 2, paragraph 3 of the staff report.

Keogh said the staff report is an overview of the permitting process for the NPDES permit for the WWTP. In particular, the paragraph that Irons referred to discusses the granting of a full secondary permit with interim effluent limit that allows for protection from fines over the next five years if the Morro Bay/Cayucos WWTP is not meeting full secondary effluent limits.

Livick said with the council's action earlier in the year, setting up the time schedule for the five-year time schedule to have the plant operational, we shouldn't run into any known issues at this point in time that would prevent us from being well under construction and perhaps even operational by the time of that permit period.

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 Lyon made a motion to approve Consent Calendar Item A-3. Director Lloyd 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 said there were five projects funded in this last fiscal year and that his staff report recaps those projects giving some detail as to what happened with them over the year. He also discussed some of the projects recommended for the upcoming fiscal year. The three mentioned were; cleaning and coating of digester #1, the rehabilitation of primary clarifier #2, and the purchase and installation of new distributor arms on the biofilter improvement project.

Smukler asked Keogh about the necessity of the floodwalls around the biofilters.

Keogh said they have never experienced flooding into those structures, but have come very close to having water inundate the large biofilter because of the elevation of where it is and where its drains are. In the event there is a flooding incident that topped the current wall or entered that system, the secondary treatment process would be shut down. Using a risk to benefit analysis, it is a job that needs to be done so that you protect the efficiency of the WWTP. He said Oceano is a good example of what happens. They did not protect some of the equipment at the Oceano WWTP in their headworks and when they were flooded, the Regional Board responded with very stiff fines.

Livick added that protecting the process from flooding is a permit requirement and agreed that it is also necessary because of the fines.

Sauerwein mentioned the extremes in weather conditions over the last several years and he thinks that is what has led all of them collectively to feel like now is the time to go ahead and take this extra step.

Lloyd noticed in the ongoing work for the repairs that the dewatering pumps are basically active and asked Keogh if they are dealing with groundwater from sub flow from the creek or tidal influences from the ocean and are they running 24/7?

Keogh said the treatment plant sits on very shallow groundwater, and always has, so they run those pumps 24/7. There are three wells in a triangular pattern around the digester and the floor of digester is approximately fifteen feet below grade so there is an extreme pressure on the floor of the digester if they don't dewater but they're only pulling maybe 10 or 20 gallons per minute out of those wells.

Enns asked Keogh to clarify that they are carrying over about \$625,000.00 from the last FY budget, and are planning to spend another \$596,000.00 on new projects and asked if any of the new projects would help in terms of that second 5-year period when they are supposed to be full secondary.

Keogh said the proposed projects will continue to maintain the operational efficiency as the plant is designed. The plant is not designed to run at full secondary treatment right now.

President Enns opened Public Comment.

- Barry Branin – Morro Bay. Asked if there was any opportunity to work with customers to establish some kind of provision within asking users to reduce their peak flows. He said he knows there are some real peaks on Sunday or Monday (due to laundry) because he can see the scum line on the rock Monday mornings.

Keogh said in 2004 they looked into building an equalization basin to improve the treatment efficiency of the plant. Keogh talked about flows and how they are very low in the middle of the night, they tend to pick up when people wake up, take showers and go to the bathroom, they peak at about eleven in the morning, then drop a little bit, re-peak when people come home from work, and then taper off throughout the night. Keogh said the weekend peaks are actually tourist driven. He added that based on their monitoring program, he is confident that the scum line Barry mentioned is not discharge from the WWTP.

Hearing no further 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.

Koon said the Cayucos Sanitary District had a meeting back in April with the City of Morro Bay, the County of San Luis Obispo, and the Regional Water Quality Control Board. Since that meeting, the District started working with a right of way engineer to look at several different right of ways out to the CMC but they haven't received anything back from them yet. He said the District has also been working with the County to come up with a project scope in examining the capabilities of the CMC.

Carmel said the District and City staffs have been working with the Regional Board staff and the County of San Luis Obispo staff in developing a comprehensive evaluation of the capacity of the CMC plant. He said the scope of that work is still in the formative stages and it is hoped that it will be funded with administrative civil liabilities penalties that the Regional Board imposed on the CMC plant. He anticipates the study will be completed this summer.

Livick also said that they have been working on the scope with the CMC and reiterated the hope that the administrative liability penalties will help fund the program. He said the leadership toward that project for the County is somewhat shifting to different members of the Public Works department with the departure of their Public Works Director in the next few weeks. He mentioned that the City has entered into a contract with Kestrel Consulting, a company whose specialty is "shaking the money tree" and identifying potentials for funding. He said they are also working with a company called Larry Walker & Associates to look at potential permitting requirements we may be facing with creek discharge. A report will come back to Council sometime mid-summer. Livick also said the Chorro Creek options report will be coming later on this summer as well.

Smukler asked Livick if there was an MOU in the works regarding Rancho Colina and Mr. MacElvaine.

Livick said Council directed staff to start preliminary negotiations with the property owner at Rancho Colina to develop a framework for discussion should we move to that site, basically an MOU regarding where each site will be coming from.

C.Johnson said there has been some confusion with the public regarding whether or not there will be an expansion or a new plant built at the CMC.

Carmel says that is the purpose of the capacity study, to see exactly what is necessary to accommodate both flows from Morro Bay and Cayucos.

C.Johnson asked if someone could explain to people what the administrative fines mean and how that is going to fund the potential scope of work.

Carmel elaborated on how those types of fines are imposed.

C.Johnson asked if those funds don't come through, would the City and the District then be required to give funds for some of those initial studies?

Carmel answered "no, that would be voluntary".

Livick explained that when talking about expansion or a new plant, the goal is that they utilize as much of the current facility and remaining structures as much as possible.

President Enns opened for Public Comment.

Hearing no comments, President Enns closed Public Comment and moved onto item C-2.

2. REVIEW OF PORTION OF CITY OF MORRO BAY PROPOSED FISCAL YEAR 14/15 BUDGET RELATED TO OPERATION OF WWTP – Recommend the Morro Bay City Council (Council) and Board of Directors of the Cayucos Sanitary District (Board) discuss the described proposed budget, consider any changes recommended by Board Members and the Council and Board accept the described proposed budget, with changes as may be agreed to.

Susan Slayton gave an overview of her report on the proposed fiscal year 14/15 budget related to the operation of the WWTP. Gave reminder that there is no adoption of the budget at this meeting, it is just to present and review.

Keogh commented that the staff report and spreadsheets are very detailed. He said that there were two large projects funded in the 13/14 FY budget and would like those monies rolled over to the 14/15 FY budget. He said they are not asking for additional funds, they just want to "rebalance where those funds were going".

Irons thanked Keogh and Slayton for the staff report and their discussion regarding the budget.

Enns had a comment relating to the GL item "4910" on page 3 of the staff report. He pointed out the discrepancy regarding the figure in the staff report, specifically \$294,661 versus the \$294,660 listed on the budget spreadsheet for that line item and jokingly remarked that he wanted to let them know he read their reports.

More discussions of the same went on between Enns, Keogh, and Slayton regarding the budget and specific line items.

Foster said he couldn't reconcile or "tie in" the numbers between the audit and the budget.

Slayton clarified that the documents in front of them were the 2014 amended/proposed budget and the 2013 audit.

President Enns opened for Public Comment.

Hearing no further comments, President Enns closed Public Comment concluding item C-2 and requested a 10-minute break.

President Enns called the meeting back to order at 7:12pm and moved on to item C-3.

3. PRESENTATION OF THE FISCAL YEAR 2012/13 AUDIT – Recommend accept the Fiscal Year 2012/13 Audit

Slayton asked that the auditor Bob Crosby give the presentation on his audit.

Crosby first apologized for the delay in providing the audit timely. He said it was due to him contracting the swine flu on a cruise ship to Mexico. Crosby then gave a slight overview of the audit, pointing out that there were no problems with the financial statements. He said they don't like to see a lot of journal entries in the financial statements, and in this reporting year, there was only one. He spoke about the latest changes in GASB63 regarding "net assets" to "net position" (disclosure in terminology).

Irons asked Crosby to elaborate on the one-dollar discrepancy regarding the "extraordinary item" page 7, "note 7" in his report.

Crosby said it was in his error and he will correct that.

Enns asked Crosby to clarify page 1, specifically the "construction in progress", asking if it was an adjustment from 2012.

Crosby said in 2012 it had not been adjusted yet, because they had done their final audit and the WWTP modification was disallowed between the time the audit was done and the time he presented it.

Foster asked Crosby to clarify whether the \$2,235,000 included capitalization of Morro Bay staff salaries.

Crosby said it is an accumulation of all the costs that were associated with the construction and progress up to that point of the WWTP. He said he wasn't sure if any salaries were actually allocated but then added that if salaries were, it would have been in direct correlation to the construction and progress for the WWTP.

Foster asked Crosby for a definitive answer on whether or not that figure included Morro Bay staff salaries because it does not include Cayucos District staff salaries.

Crosby said he and Slayton would have to research it further to know for sure.

Slayton addressed Foster and said in general, anything that they do for the WWTP, they don't have staff costs in there, and that they are usually kept within the plant.

Foster asked why it is categorized as "extraordinary".

Crosby said because it is not an operational or frequent/typical expense.

President Enns opened for Public Comment.

Hearing no comments, President Enns closed Public Comment and moved onto item C-4.

4. 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 asked that they hold the July 10, 2014 meeting date open until he can get together with Morro Bay staff and discuss whether they have any items.

Enns said Cayucos will keep that date open.

Irons agreed on behalf of Morro Bay.

Enns said the next District Board and Council meeting is tentatively set for July 10, 2014, Morro Bay hosting.

ADJOURNMENT

President Enns adjourned the meeting at 7:28 p.m.

Minutes Recorded and Respectfully Submitted By:

X

Danielle Crawford
Administrative Services Billing Manager