

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

**Cayucos Sanitary District Board of Directors:**

Robert Enns, President  
Bud McHale, Vice-President  
Hal Fones, Director  
Shirley Lyon, Director  
Michael Foster, Director

**City of Morro Bay City Council:**

Janice Peters, Mayor  
Carla Borchard, Councilmember  
Noah Smukler, Councilmember  
Betty Winholtz, Councilmember  
Rick Grantham, Councilmember

**MINUTES**

**MEETING DATE:**

6:00 PM Tuesday, February 16, 2010

**HOSTED BY:**

Cayucos Sanitary District

**MEETING PLACE:**

Multi-Purpose Room  
Community Center  
1001 Kennedy Way  
Morro Bay, CA 93442

**CALL TO ORDER AND ROLL CALL:** President Enns called the meeting to order at 6:10PM and asked staff member, Margaret Nesby to take roll.

Morro Bay City Council Mayor Janice Peters, Council members Carla Borchard, Noah Smukler and Rick Grantham were present for roll call; Betty Winholz arrived at 6:15PM.

Cayucos Sanitary District Board members President Robert Enns, Vice President Bud McHale, Directors Hal Fones, Shirley Lyon and Michael Foster were all present.

**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.

President Enns opened public comment. There were no Public Comments.

President Enns closed public comments.

**A. CONSENT CALENDAR**

1. Minutes of November 5, 2009 JPA Meeting – Recommend approve.
2. Wastewater Treatment Plant (WWTP) Operations Report through December, 2009  
Recommend receive and file
3. Financial Status Report as of December 31, 2009 – Recommend receive and file

President Enns asked for a motion to approve the consent calendar.

**VOTE: Cayucos Sanitary District:** *Bud McHale made a motion to approve the Consent Calendar; Hal Fones seconded and the motion passed unanimously.*

**VOTE: City of Morro Bay:** *Noah Smukler made a motion to approve the Consent Calendar; Carla Borchard seconded and the motion passed unanimously.*

## B. OLD BUSINESS

### 1. Status of Analysis of Statement of Net Assets for FY 05/06 and FY 06/07 Relating to “Cash and Cash Equivalents” (Verbal report – Auditor)

Bob Cosby, CPA, provided background information for the requested analysis of the Statement of Net Assets for Fiscal Year 2005-2007 relating to the “Cash and Cash equivalents” line. With the cooperation of Morro Bay and Cayucos, Mr. Cosby did a complete reconciliation of the unrestricted net assets going back to 1993-1994, the last years of allocation to the two agencies. Taking the Average Flow based on quarterly reports for the year, applied that to the net income for each year, tying those figures to the 1993 totals, bringing that method forward to the present. Starting with the year 2008 the CPA is now allocating the unrestricted net assets out to the two agencies plus, not showing any cash in the District, allocating that back to Morro Bay in their “due to due from” account. A spreadsheet has been prepared to keep track of the Morro Bay “due to due from” account.

Betty Winholz commented on her appreciation for getting the agencies caught up with clear reporting. President Enns asked for a motion to accept the recommendation to distribute the net income funds in the amount of \$57,479 for the District and \$53,191 to the City.

**VOTE: Cayucos Sanitary District:** *Michael Foster made a motion to accept the decision as proposed; Shirley Lyon seconded and the motion passed unanimously.*

Mayor Janice Peters asked for a motion for the approval of a one time distribution of the net income funds in the amount of \$57,479 to the District and \$53,191 to the City.

**VOTE: City of Morro Bay:** *Betty Winholz made a motion to accept the proposed decision; Rick Grantham seconded and the motion passed unanimously.*

### 2. Presentation of WWTP Audit Reports FY 05/06; FY 06/07; FY 07/08

President Enns asked for a motion to accept the FY05/06; FY 06/07 and FY 07/08 Wastewater Treatment Plant audit reports. Mayor Janice Peters commented that the City of Morro Bay previously accepted the FY 05/06; 06/07 Audits and will be voting only on the FY 07/08. In response President Enns asked Cayucos for a motion to accept the WWTP FY 05/06; FY 06/07 Audits.

**VOTE: Cayucos Sanitary District:** *Bud McHale moved to accept the FY 05/06; FY 06/07 WWTP Audits; Hal Fones seconded and the motion passed unanimously.*

President Enns asked for separate motion to approve FY 07/08 WWTP Audit.

**VOTE: City of Morro Bay:** *Carla Borchard made a motion to accept the FY 07/08 WWTP Audit; Betty Winholtz seconded and the motion passed unanimously.*

**VOTE: Cayucos Sanitary District:** *Bud McHale made a motion to accept the FY 07/08 WWTP Audit; Hal Fones seconded and the motion passed unanimously.*

## C. NEW BUSINESS

### 1. Consideration to Award Contract for Engineering Design Services to Montgomery, Watson, and Harza (MWH) Engineers for the Upgrade of the Morro Bay-Cayucos Wastewater Treatment Plant

Bruce Keogh, Wastewater Division Manager, in addition to his written report, provided a brief introduction to the consideration for Engineering Design Services for the WWTP upgrade and the process arrived at requesting the contract awarding to Montgomery, Watson and Marza (MWH). A Request for Proposal for engineering was distributed October 1, 2009, there were 5 sealed responses by November 5: MWH; Carollo Engineers; Brown & Caldwell; CDM and Hydroscience. The proposals were distributed to a seven person review committee including staff from the District and City, the District Engineer and Dennis Delzeit, former Public Works Director for City of Pismo Beach. Evaluation was based on written criteria in the RFP.

### C. New Business (Continued)

The three best were chosen for interviews. After interviews and written criteria MWH was determined to have the best overall combination of factors for the project. Negotiation was continued with MWH and the basis for the contract, the “Level of Effort” spreadsheet and hourly rate schedule included in the staff report.

A lengthy discussion continued with thoughtful questions from the City and District regarding the MWH proposal, scope of work, time schedule, MWH responsibilities and contingency, answered by Bruce Keogh, Dylan Wade, Capital Projects Manager, Rob Schultz, City Attorney and Bruce Ambo, Public Services Director. Hal Fones commented on his satisfaction previously working with MWH.

President Enns opened public comment:

Piper Reilly, a Los Osos resident, quoted a tag line from a Surfrider “Know your H2O” educational campaign “Clean Water costs money, Dirty Water costs more” advocating “reliable’ low pressure sewage systems as opposed to “problematic” conventional gravity sewage systems, expressing a dissatisfaction of MWH as a choice.

Al Barrow, a Los Osos resident and Coalition for Low Income Housing with 11 years experience covering wastewater treatment documents, cited issues of leaky sewer systems, expense, ground water quality, reuse, discussed Orange County sewage treatments, expressing that MWH approach as piecemeal, not holistic enough and not addressing all the challenges.

Marla Jo Bruton, Morro Bay resident, requested visual aides at meetings, expressed dissatisfaction with MWH choice.

Fred Collins, Tribal Administrator for the Northern Chumash Tribal Council representing the Chumash people of SLO County, expressed that land is precious to the Chumash so environmental concerns are important, the outcome is important. After engaging in meaningful consultation and working closely with Bruce Ambo and Rob Shultz the Chumash people are confident with the process, believe the project is a good one and have faith Morro Bay and Cayucos will do the right thing. Monitoring will continue to insure the cultural resources and environment are protected.

President Enns opened comments for the District and Morro Bay

A lengthy discussion continued with comments, concerns and questions in response to public comments and concerns answered by Dylan Wade and Bruce Keogh.

President Enns thanked everyone for their comments and special thanks to Bruce Keogh for his thorough explanation.

President Enns asked for a motion from Cayucos to approve a contract with Montgomery, Watson and Harza (MWH) Engineers for a not to exceed value of 2.7 million and to budget an additional 10% as a budget item only.

**VOTE: Cayucos Sanitary District:** *Hal Fones made a motion to approve the contract with Montgomery, Watson and Harza (MWH) Engineers not to exceed 2.7 million and to budget an additional 10% as a budget item only; Bud McHale seconded and the motion passed unanimously.*

**VOTE: City of Morro Bay:** *Rick Grantham made a motion to approve the contract with Montgomery, Watson and Harza (MWH) Engineers not to exceed 2.7 million with a separate 10% for contingency only; Carla Borchard seconded and the motion passed with Betty Winholz and Noah Smukler opposing.*

A discussion continued with suggestions to set limits to the 10% contingency of the contract.

Tim Carmel, District legal counsel, asked for a motion to allow staff to make minor modifications to the MWH contract.

President Enns asked for a vote.

**VOTE: City of Morro Bay:** *Carla Borchard made a motion to allow staff, with approval of City and District attorneys, to make minor modifications to the MWH contract; Rick Grantham seconded and the motion passed with Noah Smukler and Betty Winholz opposing.*

**VOTE: Cayucos Sanitary District:** *Bud McHale made a motion to allow staff, with approval of City and District attorneys, to make minor modifications to the MWH contract; Shirley Lyon seconded and the motion passed unanimously.*

A decision was made to set a limit for staff of \$50,000 of the 10% contingency allowance. Anything over that must have board notification and approval.

**VOTE: City of Morro Bay:** *Mayor Janice Peters moved to approve, if any of the 10% contingency items are over \$50,000, staff needs to come back to the board and council for approval; Noah Smukler seconded and the motion passed unanimously.*

**VOTE: Cayucos Sanitary District:** *Bud McHale made a motion to approve, if any of the 10% contingency items are over \$50,000, staff needs to come back to the board and council for approval; Hal Fones seconded and the motion passed unanimously.*

## **1. Schedule Next Joint Meeting and Agenda Items**

Bruce Keogh requested establishing monthly meetings in an attempt to keep all members informed of progress. After a short discussion of available times President Enns asked for a motion to approve having monthly meetings the second Thursday of each month at 6:00PM

**VOTE: City of Morro Bay:** *Mayor Janice Peters made a motion to approve monthly meetings on the second Thursday of every month; Noah Smukler approved and the motion passed unanimously.*

**VOTE: Cayucos Sanitary District:** *Shirley Lyon made a motion to approve monthly meetings on the second Thursday of every month; Mike Foster seconded and the motion passed unanimously.*

**ADJOURNMENT** - (Next meeting will be hosted by the City of Morro Bay)

President Enns adjourned the meeting at 7:48PM

Copies of staff reports and other public documentation relating to each item of business for this meeting are available for inspection at Morro Bay City Hall at 595 Harbor Street and the Cayucos Sanitary District at 200 Ash Ave. A copy of this packet is available from the City of Morro Bay for copying at Mills Copy Center and from the Cayucos Sanitary District for a copy and duplication charge. Any person having questions regarding any agenda items may contact Bruce Keogh, Wastewater Division Manager (City of Morro Bay) at 772-6261 or Bill Callahan, District Manager (Cayucos Sanitary District) at 995-3290.

Materials related to an item on this Agenda submitted to the Morro Bay/Cayucos Wastewater Treatment Plant Joint Powers Authority after distribution of the agenda packet are available for public inspection at; Public Services Office at 955 Shasta Avenue, Morro Bay, CA 93442; Morro Bay Library at 625 Harbor Street, Morro Bay, Ca 93442; Mills/ASAP Reprographics at 495 Morro Bay Boulevard, Morro Bay, CA 93442 during normal business hours.