

**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  
R.H. Bud McHale, Vice-President  
Harold Fones, Director  
Michael Foster, Director  
Shirley Lyon, Director

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

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

**MINUTES**

**MEETING DATE:**

6:00 p.m., Thursday, April 8, 2010

**HOSTED BY:**

City of Morro Bay

**MEETING PLACE:**

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

**CALL TO ORDER AND ROLL CALL**

Mayor Peters called the meeting to order at 6:05 p.m. and asked that the record show all Council members are present. President Enns stated all members of the Cayucos Board are present.

Morro Bay Staff members present were Bruce Keogh, Rob Livick, Dylan Wade, Susan Slayton and Cindy Jacinth.

Cayucos Staff members present were Bill Callahan, District Counsel Tim Carmel and Lewis Brookins.

Mayor Peters announced that Item 3 will be moved up to the beginning of New Business.

**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.

Mayor Peters opened the Public Comment period.

Robert Staller, a farmer, spoke about his concern that water be appropriate for the agricultural use in Chorro Canyon and Morro Creek.

Correspondence was received during Public Comment period from Patrick Sparks, Morro Bay attorney, for entry into the public record.

The following persons spoke in favor of allowing PERC to make a formal presentation:

Jack McCurdy, Morro Bay resident,  
Dorothy Cutter  
Daniel Crazek  
Andrew Christie, Director of Sierra Club and resident of Los Osos  
Al Barrow, Coalition for Low Income Housing, and resident of Los Osos  
Taylor Newton, Morro Bay resident and business owner  
Jane Heath, Morro Bay resident  
Melody Demeritt, Morro Bay resident and former City Council member  
Walter Yate, Morro Bay resident,  
Jenny Brantlee, Morro Bay resident  
Steven Haidi, Cayucos resident and business owner  
Steve Owen, Vice President of Business Development and Infrastructure at PERC, stated that it is not too late to consider PERC and knows they would have to enter into a competitive process

The following persons spoke against allowing PERC to make a formal presentation:

Bill Yates, Morro Bay resident and former Mayor of Morro Bay  
Keith Taylor, Morro Bay resident, encouraged the Board to think about their decision and stated he is worried about their liability. He stated he supports the Board in whatever their decision is.

Hearing no further comment, Mayor Peters closed the public comment period and brought it back to the Board.

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

1. Minutes of February 16, 2010 JPA Meeting – Recommend approve.
2. Wastewater Treatment Plant (WWTP) Operations Report through February, 2010– Recommend receive and file
3. Status Report on Design Process – Recommend receive and file
4. Status Report on the Environmental Review Process – Recommend receive and file

Winholtz asked to have item # 4 pulled from the Consent Calendar.

MORRO BAY MOTION: Grantham, Smukler 2<sup>nd</sup> to approve Consent Calendar Items 1-3. VOTE: 5-0.

CAYUCOS MOTION: McHale, Fones 2<sup>nd</sup> to approve Consent Calendar Items 1-3. VOTE: 5-0.

Item 4: Status Report on the Environmental Review Process – Recommend receive and file

Winholtz asked if the EIR has been taken over by ESA or is that being performed by City staff. Keogh clarified the ESA is performing the EIR but the City is the lead agency in the environmental process.

MORRO BAY MOTION: Winholtz, Grantham 2<sup>nd</sup> to receive and file this report. VOTE: 5-0

CAYUCOS MOTION: McHale, Foster 2<sup>nd</sup>, to receive and file this report. VOTE: 5-0

#### **B. NEW BUSINESS**

##### **3. Discussion to Determine Whether to Have a Presentation from PERC Water at a Future JPA Meeting.**

Keogh presented the staff report.

Board members had discussion with staff about the following:

- The existing contract in place with Montgomery Watson Harza (MWH): Wade clarified the contract process noting that contracts are written to have some flexibility.

- The consequences of delaying the project: Wade explained that due to the adopted time schedule there could be penalties if project is delayed. Tim Carmel agreed with this and said that the suspension clause is linked directly to cause. Susan Slayton, Administrative Services Director, explained the \$425,000 planning and design grant would be jeopardized if the process slows down.
- The differences between the design build process and the design bid build process. Wade clarified for Board members these different project delivery methods as it related to PERC. Wade stated he recommends the Board to continue with the design bid process.
- The procurement process used by the Board that led to MWH. Wade clarified the different phases of the project and discussed the RFQ and RFP processes.

Enns noted the departure of Hal Fones.

Board members continued discussion regarding the pros and cons of the design build process versus the design bid build as it relates to cost, quality control and risk.

Winholtz noted that PERC could not apply because of the way the Request for Qualifications (RFQ) was written. She stressed that hearing a presentation from PERC does not commit the Board and should not preclude the Board from missing project timeframe deadlines.

Smukler noted that regarding the project timeframe, the members of the NRDC, Surfrider and Sierra Club want us to pick the best method. Smukler stressed the importance of authentically evaluating the best project and wanted to make sure that is noted.

Board members further discussed whether presentations should be allowed by just PERC or opened up to other companies.

MORRO BAY MOTION: Winholtz, Smukler 2<sup>nd</sup> to put on the agenda to ask PERC to make a presentation at the May 13, 2010 JPA meeting. VOTE: 3-2 Motion failed.

CAYUCOS MOTION: No motion put forth from Cayucos

Enns asked Callahan if the Board evaluated other technologies. Callahan clarified yes. Facilities Master Plan was completed in 2006. Keogh clarified costs were updated in Facilities Master Plan amendment that was presented at the September meeting.

Smukler moved to modify the motion to not specifically PERC but any agency.

MORRO BAY MOTION: Smukler, Winholtz 2<sup>nd</sup> that we open the opportunity for firms that offer design build finance operate delivery model to make presentations to the Board. VOTE: 3-2. Motion fails.

CAYUCOS MOTION: No motion put forth from Cayucos.

Board members then discussed the design build finance operate and other different methodologies of finance.

Peters announced a short break and the meeting resumed at 8:22p.m.

### **1. Discussion and Consideration to Contract for a Project Manager for the Upgrade Process**

Keogh gave the staff presentation on hiring a project manager for the Wastewater Treatment Plant upgrade.

Board members had discussion with staff regarding the following:

- The Project Manager's importance to be a neutral third party with no conflicts of interest. Keogh clarified the project manager would be required to follow the direction of the Board and the general guidelines of the City.
- The type of skill set needed for this job. The new hire would be someone who has experience with this process with a multiple skill set. This position would be 20 hours a week for about 15-18 months.
- The possibility of the Project Manager position being a City of Morro Bay staff person versus an independent. Wade clarified this was discussed at the City due to the concern by Cayucos to have work managed by a City of Morro Bay employee.
- The high cost of hiring an engineer. Wade clarified the project budget includes funding for administration/engineering/legal fees. This project cost was anticipated.

Borchard asked if the JPA will know the cost when it is brought back. Wade said no, not until it is brought back for award, then you will see the cost. Keogh clarified the Board can summarily reject proposals if cost is out of line.

MORRO BAY MOTION: Peters, Grantham 2<sup>nd</sup>, to prepare a RFP to hire a Project Manager under option two and bring the RFP back to JPA for review. VOTE: 3-2. Motion carries.

CAYUCOS MOTION: McHale/Lyon 2<sup>nd</sup>, to prepare a RFP to hire a Project Manager under option two and bring the RFP back to JPA for review. VOTE: 4-0.

Foster also made a 2<sup>nd</sup> motion at the same time.

CAYUCOS MOTION: Foster, Enns 2<sup>nd</sup>, that at the same time an RFP is prepared under option 2 that staff bring back an evaluation of the possibility of hiring an employee to meet those same responsibilities. VOTE: 3-1.

Peters asked for clarification regarding the difference between hiring an employee for the City or hiring someone for the JPA. Wade responded the functions are the same and the employment contract would clarify these issues.

MORRO BAY MOTION: Winholtz, Grantham 2<sup>nd</sup>, that at the same time an RFP is prepared under option 2 that staff bring back an evaluation of the possibility of hiring an employee to meet those same responsibilities. VOTE: 4-1.

## **2. Discussion on State Revolving Fund (SRF) Loan for WWTP upgrade**

Slayton presented the staff report.

Smukler asked Slayton since SRF is competitive, what happens if we do not receive the funding. Slayton said other funding option would be explored.

Brookins spoke to clarify the financing process which includes financing a portion during the early stages and then progress payments during construction.

Slayton clarified with private financing certificates of participation could be issued, but there is a higher cost associated.

Winholtz asked if we could apply for just ourselves and not Cayucos. Slayton clarified that there could be higher costs and lenders would look at the application as one project.

Carmel clarified for the Board that a motion would need to be passed adding this as an action item to the agenda.

CAYUCOS MOTION: Foster, Lyon 2<sup>nd</sup> to add an action item to the agenda. VOTE: 4-0

CAYUCOS MOTION: Foster, Lyon 2<sup>nd</sup> to accept option 1 in Agenda item B 2. VOTE: 4-0

MORRO BAY MOTION: Borchard, Grantham 2<sup>nd</sup> to add an action item to the agenda. VOTE: 4-1

MORRO BAY MOTION: Borchard, Grantham 2<sup>nd</sup> to accept option 1 in Agenda item B 2. VOTE: 4-1

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

Enns asked to add item to be put on the agenda which is Cayucos is requesting for action the matter of paying for new treatment plant cost based on the capacity that we are each requesting.

Carmel recommended action just taken on the SRF be ratified.

Smukler wants update on expenditures for design process. Keogh said he will bring back status report.

#### **ADJOURNMENT**

Peters noted the next JPA meeting is May 13, 2010 in Cayucos.

Peters adjourned at 9:27pm.