

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

Cayucos Sanitary District
Board of Directors:
Robert B. Enns, President
Nat Raimondo, Vice-President
Hal Fones, Director
Bud McHale, Director
Shirley Lyon, Director

City of Morro Bay
City Council:
Janice Peters, Mayor
Rick Grantham, Councilmember
Melody DeMeritt, Councilmember
William Peirce, Councilmember
Betty Winholtz, Councilmember

DATE: 6:00 p.m., Wednesday, June 27, 2007
PLACE: Veterans Memorial Building
209 Surf Street
Morro Bay, CA 93442

CALL TO ORDER AND ROLL CALL

Mayor Peters called the meeting to order at 6:07 p.m. Morro Bay staff member Kimberly Peeples called the roll.

Morro Bay City Councilmembers present were Mayor Janice Peters, William Peirce, Melody DeMeritt and Betty Winholtz. Councilmember Rick Grantham was absent. Morro Bay Staff members present were Bruce Keogh, Bob Hendrix, Rob Schultz, Bruce Ambo, Susan Slayton and Kimberly Peeples.

Cayucos Sanitary District Board Members present were President Robert Enns, Nat Raimondo, and Hal Fones and Bud McHale. Board Member Shirley Lyon was absent. Cayucos Staff members present were Bonnie Connelly and Bill Callahan.

PUBLIC COMMENT PERIOD

Joey Racano, representing the Ocean Outfall Group, thanked the JPA for making the transition to a tertiary treated plant and spoke about the Marine Life Protection Act.

Seeing no further comments Mayor Peters closed the Public Comment Period.

A. CONSENT CALENDAR

1. Minutes of May 24, 2007 Meeting – Recommend approve.
2. Financial Status Report as of March 31, 2007 – Recommend Receive and File

DeMeritt asked to have item A1 pulled and Winholtz asked to have item A2 pulled.

A1. Minutes of May 24, 2007 Meeting – Recommend approve

DeMeritt complimented the Cayucos Staff Member on the fullness of the May 24, 2007 minutes.

MORRO BAY MOTION: DeMeritt, Winholtz 2nd to approve the minutes as presented. VOTE: 4-0.

CAYUCOS MOTION: Raimondo, Fones 2nd to approve the minutes as presented. VOTE: 4-0.

A2. Financial Status Report as of March 31, 2007 – Recommend Receive and File

Winholtz questioned what the rent amount on page two is for and why it fluctuates. Slayton addressed her question.

MORRO BAY MOTION: Winholtz, DeMeritt 2nd to move approval of this item. VOTE: 4-0.

CAYUCOS MOTION: McHale, Raimondo 2nd to move approval of this item. VOTE: 4-0.

Mayor Peters announced the Emergency Item that needed to be added to the agenda under New Business. The item will be to confirm by resolution a schedule of our project construction and completion dates. It will require a four fifths vote to be added to the agenda for tonight and since there are only 4 members present from each entity, it will need to be unanimous.

MORRO BAY MOTION: DeMeritt, Peirce 2nd to place this item on the agenda under New Business. VOTE: 4-0.

CAYUCOS MOTION: Raimondo, Fones 2nd to place this item on the agenda under New Business. VOTE: 4-0.

B. UNFINISHED BUSINESS

1. Further Discussion of Alternative Treatment Processes Including Biosolids Treatment Options for the Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) Upgrade

Keogh introduced the item by announcing Morro Bay City Council's decision from Monday night's meeting to go with Alternative 1A, which is the oxidation ditch and filtration. Noting that the District and the City have both selected the same preferred treatment alternative, which allows them to move forward into other areas that they need to discuss. One task that needs to be considered is getting a Facilities Plan together so they can adopt a Draft Facilities Master Plan. Completing this task will allow the JPA to address the next items on the time schedule, specifically the Environmental and the Design Work. To complete the Facilities Plan, the biosolids and ditch location issues need to be addressed, Keogh noted some of the key topics, which affect those issues.

Tracy Clinton of Carollo Engineers made the presentation on the Facilities Master Plan, during her presentation Carollo Engineer's Staff and City Staff addressed the following questions and concerns:

- If the Flood Impact Evaluation would include sea level rise
- If the \$2.5 million dollars listed under Phase 2 of the Flood Impact Evaluation is included in the current estimates
- The level of odor for the oxidation ditch option
- What the benefit would be for adding the third digester to the project now
- If current amount of composting could be continued with only two digesters
- If a third digester could be added later if it is needed
- If green waste had to be purchased to continue the composting project, would a fee have to be charged for the compost or would it just be part of the project cost instead of direct hauling
- If ultraviolet was a consideration to handle the THM problem, instead of the chlorination/dechlorination facility that is shown on the plan
- Why this project isn't planned to use Chlorine Dioxide now and if the machinery is the same
- If the Chlorine Dioxide machinery would have to be added for a reclamation project and if there is room in the footprint to have it added
- Concern about putting THMs in the ocean when it is not ok to put them in a creek

In closing the presentation Ms. Clinton highlighted the "Next Steps" in the process, specifically outlining the milestones on the timeline.

After the close of the presentation, Staff addressed the following questions:

- If the biosolids go into the drying bed for composting only or for direct hauling as well
- Cost of processing the biosolids increases because they will be removing more biosolids
- Confirmed the Master Plan should be presented at the next meeting & potentially approved
- How the Wallace study will happen
- How to keep the process moving along as quickly as possible
- Who would do the Environmental and Design
- If and when they should or need to direct Staff to move forward with the RFP
- If the Technical Committee should review the layout and consider the odor issue
- Confirmed the next step is to get the Master Plan done and get it accepted

Mayor Peters opened Public Comment.

Joey Racano noted two main issues for this project as money/funding and THMs.

Doug Classen, manager and one of the owners at Morro Dunes Trailer Park, thanked the Council for sticking up for the Business Community at Monday night's meeting. He also commented on the level of the odor at the park when it is windy and the increase in odor when it is still.

Seeing no further comment, Mayor Peters closed the Public Comment.

During discussion the general consensus was in favor to direct Carollo to add partial composting to the Master Plan and to take the following topics to the Technical Committee Meeting:

- Method of Chlorination, specifically how THMs from chlorine affect the environment
- Cost of other chlorination options
- Location of sludge drying beds
- Biosolids issue and the amount to be composted

The next JPA Meeting was scheduled for August 8, 2007 and Cayucos will host.

Mayor Peters called for a break at 7:55 p.m. and called the meeting back to order at 8:05 p.m.

C. NEW BUSINESS

1. Proposed Budget for WWTP FY 2007-2008 – Recommend Approve

Susan Slayton introduced the item, noting this budget had already been approved by the City Council. Questions addressed by Slayton were:

- If Morro Bay was the only one who put money into the Sewer Accumulation Fund
- Why more is being pulled from the Sewer Accumulation Fund each year, but the budget amount appears to be going down
- Who determined the amount that was put into the Sewer Accumulation Fund

CAYUCOS MOTION: Raimondo, McHale 2nd to accept the budget as presented. VOTE: 4-0.

2. Invoice for Third Quarter FY 2006 – 2007 – Recommend Approve

Susan Slayton introduced the item.

CAYUCOS MOTION: Raimondo, McHale 2nd to accept the invoice as presented. VOTE: 4-0.

EMERGENCY AGENDA ITEM - Resolution Adopting the Project Time Schedule for Updating the Jointly-Owned Wastewater Facility as required for the Small Community Wastewater Grant Application

Susan Slayton introduced the item noting the reason for adding this item to tonight's agenda was based upon the need to have a resolution in place, for the Small Community Wastewater Grant Application, which adopted the project timeline for upgrading the Wastewater Treatment Plant. Since the Resolution was originally drawn up the following changes have been suggested by the City Attorney Rob Schultz:

- The fourth WHEREAS paragraph will now read:
WHEREAS, the residents of the City of Morro Bay and the community of Cayucos depend on this jointly-owned, wastewater treatment system; and
- The fifth WHEREAS paragraph will now read:
WHEREAS, members of the public, environmental organizations and State and local agencies have expressed a concern about the potential for pollution of the estuary due to the wastewater treatment facility; and
- The sixth WHEREAS paragraph will now read:
WHEREAS, The City Council of the City of Morro Bay, which is the governing board representing the citizens of the City of Morro Bay, and the Board of Directors of the Cayucos Sanitary District, which is the community board representing the residents of Cayucos, support actions to upgrade the Wastewater Treatment Plant; and

Winholtz suggested that the Financial plan and funding item and Facility plan item on the backside of the resolution be switched so they are in chronological order. Mayor Peters concurred. Winholtz noted she would not be voting in favor of this item, unless some of the dates were shortened, as she felt there were items that could be done in much less time.

MORRO BAY MOTION: Peirce, DeMeritt 2nd to move approval of this resolution with the corrections suggested by the Staff and the City Council. VOTE: 3-1 (Winholtz opposed)

CAYUCOS MOTION: McHale, Fones 2nd to move approval of this resolution with the corrections suggested by the Staff, the City Council and Boardmembers. VOTE: 4-0

3. Schedule Next Joint Meeting and Agenda Items

Mayor Peters confirmed that the next JPA Meeting was scheduled for August 8, 2007 and Cayucos will host, but the meeting location will be in Morro Bay.

The Technical Committee Meeting Date was set for July 10, 2007 at 1:00 p.m., location to be announced. It was also arranged for Councilmember Peirce to attend this meeting in place of Councilmember Grantham, as he will not be able to attend.

DeMeritt commented on a conversation she had earlier today with a gentleman named John, noting the idea to approach the County TAC and use Los Osos money by including them in our project. It was suggested that more ratepayers would make the project more affordable and she would like to suggest putting this idea on the agenda as a future agenda item as a discussion topic. Peirce noted that he was told in a conversation with a County Supervisor in 1997 that the "Dye was already cast". Mayor Peters noted her concern about this idea potentially changing our time schedule. Winholtz said she felt our time schedule would allow for this idea, as it was already padded by years and she asked if they would like to ask Keogh to attend the next TAC meeting. DeMeritt asked to have the idea about including Los Osos in the project Agendized and ask Mr. Keogh to attend the next TAC Meeting. Keogh asked for clarification on the direction they were asking him to take. DeMeritt said she would like to see Keogh put the idea in front of one of the members to see what they say.

Mayor Peters noted that to put an idea out in front of another agency at a meeting, it has to be agendaized and voted on by this body prior to that happening. Mayor Peters noted that if Keogh wanted to attend the TAC Meeting and just listen to see if there is potential for this idea, she would be in favor of that, but not to approach anyone. DeMeritt asked if this could be put on an Agenda as a New Business Discussion Item and Mayor Peters confirmed that they could put an item on the Agenda, after asking Keogh to attend a TAC Meeting as an observer only, then ask him to come back with his impression and if he feels this is something we should pursue. Keogh asked if it might be better to have Mr. Ambo or Mr. Hendrix make that initial inquiry with Paavo at the County, who is the person running the project. Mayor Peters said they couldn't direct Staff to make any contacts tonight as it is not on the agenda, but they can put it on a future agenda. DeMeritt confirmed that it was she was requesting. Boardmember McHale suggested that Keogh should not attend the TAC meeting until it was on an agenda for the JPA and it was discussed first. DeMeritt confirmed the Future Agenda Item should be "Worth of contacting the TAC for the Los Osos Project".

Winholtz questioned if the Sub-Committee Agenda items were set at this meeting or do they generate their own. Mayor Peters confirmed that tonight's discussion had indicated the direction they wanted them to go. Winholtz asked to have the discussion of flow added to the Agenda for the Sub-Committee Meeting.

ADJOURNMENT

Mayor Peters adjourned the meeting at 8:37 p.m.

Minutes recorded by: _____
Kimberly Peebles