

**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
Dan Chivens, Vice-President
Michael Foster, Director
Shirley Lyon, Director
Dan Lloyd, Director

City of Morro Bay City Council:

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

AGENDA

MEETING DATE:

6:00 p.m., Thursday, April 11, 2013

HOSTED BY:

Cayucos Sanitary District

MEETING PLACE:

Cayucos Veterans Hall
10 Cayucos Drive
Cayucos CA 93430

CALL TO ORDER AND ROLL CALL

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 JPA meetings is welcome and your courtesy will be appreciated.

A. CONSENT CALENDAR

Unless an item is pulled for separate action by the City Council or Cayucos Sanitary District Board, the following items are approved without discussion

A-1 MINUTES OF MARCH 14, 2013 JPA MEETING

Recommendation: Approve as submitted

A-2 WWTP OPERATIONS REPORT THROUGH FEBRUARY, 2013

Recommendation: Receive and file

A-3 STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP

Recommendation: Receive and file

B. OLD BUSINESS

B-1 PRESENTATION OF THE FY 2011/2012 WWTP AUDIT

Recommendation: That the Board of Directors of the Cayucos Sanitary District and the City Council accept the audit report

C. NEW BUSINESS

C-1 VERBAL REPORT BY THE CITY AND DISTRICT ON THE PROGRESS OF THE FUTURE WWTP

C-2 DISCUSSION AND APPROVAL TO TERMINATE THE CONSULTANT SERVICES AGREEMENTS WITH DELZEIT; DUDEK; McCABE & COMPANY; AND MONTGOMERY WATSON HARZA (MWH)

Recommendation: Staff recommends that the City and District terminate the Consultant Agreements with Delzeit, Dudek, McCabe, and Montgomery Watson Harza (MWH).

C-3 SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

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

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 Rick Koon, District Manager (Cayucos Sanitary District) at 995-3290. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Public Services' Administrative Technician at (805) 772-6261, or the Cayucos Sanitary District at (805) 995-3290. Notification 24 hours prior to the meeting will enable the City and District to make reasonable arrangements to ensure accessibility to this meeting.

Materials related to an item on this Agenda submitted to the City of Morro Bay or the Cayucos Sanitary District after distribution of the agenda packet are available for public inspection at the scheduled meeting.

AGENDA ITEM: _____ A-1 _____

DATE: _____ April 11, 2013 _____

ACTION: _____

**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
Michael Foster, Director
Shirley Lyon, Director
Dan Lloyd, Director

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

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

MEETING DATE:

6:00 p.m., Thursday, March 14, 2013

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 Irons called the meeting to order at 6:04 pm and asked the record to show all Council members are present.

Morro Bay Staff members present were Bruce Keogh, Rob Livick, Andrea Lueker, Katie Mineo, Rick Sauerwein, Rob Schultz, and Susan Slayton.

Cayucos Staff members present were District Manager Rick Koon and District Counsel Tim Carmel.

President Enns stated both the City of Morro Bay and the Cayucos Sanitary District (CSD) are actively looking for practical and economically feasible alternative sites for the wastewater treatment plant. The CSD is also investigating alternative sites independently so as to compare costs of pursuing the project alone versus jointly with the City.

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 Irons opened Public Comment period.

Alex Beattie, resident of Morro Bay, asked the City and the CSD to proceed with the WWTP upgrade project in a more objective manner. He also stated he would like a more diverse group of people overseeing the project.

Carla Wixon, resident of Morro Bay, presented a map of the proposed Righetti site. She spoke against the proposal to move the facility to this location as adjacent residences would not like the sewer line so close to their property.

Rob Livick, Public Services Director, announced San Luis Obispo County, along with water agencies in the County, is updating the Integrated Water Resources Management Plan. Two meetings will be held to discuss the future of water resources in the County. The meetings will examine water related issues in our watersheds, craft sub-regional goals and objectives, and define regional water management strategies. They will also position the City and the CSD to receive Prop 84 grant money.

Meeting Dates: March 21st and 25th

Meeting Time: 1:00-3:00 PM

Meeting Location: Veteran's Memorial Building, 209 Surf Street, Morro Bay

Bill Martony, resident of Morro Bay, stated the Righetti site should not be rejected as a potential site for the new WWTP facility as tree lines around the property could be used to eliminate the visual impacts of the facility.

Barry Branin, resident of Morro Bay, expressed appreciation for the progress being made with the WWTP upgrade project.

Mayor Irons closed Public Comment period.

Councilmember Smukler responded to Beattie's comment regarding his request for greater objectivity in the WWTP upgrade process, stating the Board will be holding a study session for the public in mid-April to review site alternatives, discuss screening options, and address any other concerns. He stated the Board has not yet committed to a site.

A. CONSENT CALENDAR

A-1 MINUTES OF FEBRUARY 14, 2013 JPA MEETING

Recommendation: Approve as submitted

MORRO BAY MOTION: Councilmember Christine Johnson moved to approve the minutes. Councilmember Smukler seconded and the motion passed unanimously. (5-0).

CAYUCOS MOTION: Vice-President Chivens moved to approve the minutes. Director Lloyd seconded and the motion passed unanimously. (5-0).

A-2 STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP

Recommendation: Receive and file

Councilmember Smukler asked staff whether the City should include a long-term analysis in addition to the short-term analysis so the City would be prepared for any long-term costs that may occur unexpectedly. Keogh stated he is creating a list of objectives which will be prioritized based on a short- and a long-term basis.

Councilmember Smukler acknowledged the City is striving to complete the MMRP with existing staff and asked whether the City would hire a consultant to complete the project if it begins to exceed the City's available resources. Livick stated the City will hire consultants as necessary to complete tasks that exceed the City's expertise, such as electrical and structural engineering work.

MORRO BAY MOTION: Councilmember Smukler moved to approve Item A-2. Mayor Irons seconded and the motion passed unanimously. (5-0).

President Enns clarified with staff the MMRP would be modified as necessary to reflect the Board's decision regarding whether or not to pursue the project independently or jointly. Keogh stated the City will examine the issue on an annual basis, as the City develops the budget, and will adjust the project schedule accordingly.

CAYUCOS MOTION: Director Lyon moved to approve the minutes. Director Lloyd seconded and the motion passed unanimously. (5-0).

B. OLD BUSINESS

None

C. NEW BUSINESS

C-1 PRESENTATION OF THE FY 2011/2012 WWTP AUDIT

Recommendation: That the Board of Directors of the Cayucos Sanitary District and the City Council accept the audit report

Susan Slayton introduced the auditor, Robert Crosby, who reviewed the 2011/2012 WWTP Audit with Boardmembers.

Councilmember Christine Johnson stated she would like more time to review the audit and suggested continuing the item to the next JPA meeting.

Director Foster asked Crosby for clarification regarding why Miscellaneous Member Transfers/Reclassifications and Year-end Net Asset Allocations were included on the Statement of Revenues. Crosby explained he included those figures in the report because he wanted to ensure that funds were allocated to the member agencies.

Director Foster and Crosby discussed several line items in the report. President Enns suggested taking the interim period to further examine these issues.

Mayor Irons stated no motion is required for this item. Bruce stated the item will be re-noticed at the next meeting.

C-2 STATUS REPORT ON THE DISCUSSION WITH RWQCB STAFF ON THE PERMIT RENEWAL PROCESS FOR THE WASTEWATER TREATMENT PLANT NPDES PERMIT NO CA0047881

Recommendation: Following discussion and consideration of this item that the Council and District Board direct staff accordingly

Keogh presented the staff report.

Councilmember Smukler expressed appreciation for the RWQCB's support in the permitting process.

Director Lloyd asked for clarification regarding whether the City will be applying for a full secondary treatment permit. Keogh stated the City will be asking for such a permit but the RWQCB will determine the specific type of permit that will be most suitable for the City.

Director Lloyd asked Keogh about the application deadline of September 1, 2013, and Keogh stated the application will be completed in ample time.

C-3 VERBAL REPORT BY THE CITY AND DISTRICT ON THE PROGRESS OF THE FUTURE WWTP

Livick presented the report to Boardmembers.

President Enns announced the ad hoc committee will be meeting with Dylan Wade of Water Systems Consulting on April 19, 2013 to discuss the preliminary list of alternative concepts for the WWTP.

Director Lloyd stated it is important to identify an alternative site promptly so that the CSD can compare options of either going forward independently or with the City.

President Enns stated he is hopeful that a joint project works best for both communities.

Mayor Irons opened Public Comment period.

Alex Beattie, resident of Morro Bay, asked the Board to address the odor issues produced by the WWTP.

Mayor Irons closed Public Comment period.

Mayor Irons directed the public to access the agendas and minutes online if they would like more information about the upgrade project, or to contact Boardmembers or staff if they have any questions.

C-4 DISCUSSION OF LETTER TO ELECTED OFFICIALS AND APPROVAL

Recommendation: Approve letter and forward to elected officials

Mayor Irons presented the letter to Boardmembers.

Councilmember Smukler suggested the Board submit the letter to elected officials as soon as possible so that they become familiar with the project.

Councilmembers Smukler and Christine Johnson offered grammatical and formatting corrections to the letter.

Director Foster suggested striking the verbiage regarding low-interest loans from the letter.

President Enns stated the underlying message of the letter is that the City is complying with the Coastal Commission's request to move the WWTP away from the beach, and in order to complete the project, the City needs additional funding.

Mayor Irons responded to Director Foster's comment regarding low-interest loans and suggested leaving the verbiage as is.

Mayor Irons opened Public Comment period.

Barry Branin, resident of Morro Bay, asked that the meeting materials distributed to Boardmembers be the same as what is distributed to the public.

Mayor Irons closed Public Comment period.

C-5 SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

Mayor Irons stated Item C-1 will be carried over until the next JPA meeting which will be held on April 11, 2013 in Cayucos.

Keogh stated the City will add the letter to the website when it is revised, and stated he will strive to make project information accessible to the public as soon as it becomes available.

ADJOURNMENT

Mayor Irons adjourned the meeting at 7:08 pm.

Minutes Recorded by:

Katie Mineo, Morro Bay Public Services Department

Agenda No. A-2

Date: April 11, 2013

STAFF REPORT

**MORRO BAY-CAYUCOS J.P.A.
WASTEWATER TREATMENT PLANT**

to: Honorable Mayor and City Council, City of Morro Bay
Honorable President and Board of Directors, Cayucos Sanitary District

from: Bruce Keogh, Wastewater Division Manager

date: April 4, 2013

subject: WWTP Operations Report through February, 2013

recommendation:

This Department recommends this report be received and filed.

fiscal impact:

None

summary:

Attached, find copies of the Morro Bay-Cayucos Wastewater Treatment Plant monthly reports, from January 2013 to February 2013 and the WWTP flow summary, through February 2013. This information updates the item from the February 14, 2013 meeting.

The City of Morro Bay-Cayucos Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY JANUARY 2013

Flow for the month of January averaged 1.021 Million Gallons per Day (MGD).

Removal of suspended solids ranged from 88.9 % to 91.5 % for the month, with an average removal of 90.6 % for the month. BOD removal ranged from 80.8 % to 87.9 % for the month, with an average removal of 85.2 % for the month. The rainfall for the month was 1.04 inches. For the month of January, the plant was in compliance with the discharge and receiving-water limitations specified in the NPDES discharge permit. Other than normal operations and maintenance, the following items are noteworthy:

The following items are noteworthy activities for January concerning the upgrade project for the wwtp:

- At the January 10, 2013 California Coastal Commission meeting, the Commission denied the CDP application for the Morro Bay/Cayucos WWTP Project (Application NO. A-3-MRB-11-001)
- City and District staff met on January 24, 2013 to discuss next steps for siting a new WWTP
- City staff provided public comment to the Board at their February 1, 2013 meeting during the Executive Director's Report item
- The City and District have a JPA meeting scheduled for February 14, 2013 to discuss next steps in the siting of a new WWTP;
- The City and District are in the process of scheduling a meeting with RWQCB staff to discuss permit renewal related issues

Plant staff shut down primary clarifier #2 at 1300 hours on January 2, so that the clarifier could be drained for inspection and maintenance. Staff noted that prior to draining the clarifier that the drive unit was making an audible knocking noise. While the clarifier was off-line, they removed a large volume of rags from the center column of the clarifier. Staff also contacted the drive manufacturer to try to trouble shoot the knocking noise in the drive unit; they were informed that it was likely due to a bad bearing in the drive unit. They made arrangements to have a manufacturer's representative come to the plant to repair the drive unit. Staff began refilling the clarifier on January 5, at 0730 hours and the clarifier was flowing and operational at 1015 hours.

Plant staff shut down primary clarifier #2 at 1300 hours on January 8, so that the clarifier could be drained for repairs to the clarifier drive unit. On January 9, Mr. Marty Simmons of WesTech arrived at the plant to assist staff with repairs to the drive unit. The repairs involved disassembly of the drive unit and replacement of the lower pinion bearing. They inspected the other bearings and they appear to be in good working condition. In addition, Mr. Simmons verified the drive unit was level and minor adjustments were made on the flights of the collector drive arms per Mr. Simmons recommendations. Staff began refilling the clarifier on January 11, at 0830 hours and the clarifier was flowing and operational at 1030 hours. The repaired drive unit is operating as designed.

The 2012 Annual Report of sludge production and disposal activities was submitted to the Environmental Protection Agency (EPA) Region IX in San Francisco on January 14. The report covered the amount of sludge generated and the method of disposal. Annual biosolids production for 2012 was 109.2 dry metric tons. Of the 109.2 dry metric tons produced in 2012, 104 dry metric tons of biosolids were transported to McCarthy Family Farms, Inc., San Joaquin Composting facility. There are approximately 5.2 dry metric tons (approximately 15 cubic yards) of biosolids in storage at the plant at this time.

During the month of January, plant staff continued work Dittman & Associates and various vendors on implementing recommendations contained within the recently completed Incident Energy and Arc Flash Study for the plant's electrical system. Work included purchase of arc flash related personnel protective equipment and verification that the Arc Flash labels were installed correctly.

On January 21, staff from Doug Allread construction poured a concrete pedestal for the new waste gas burner installation project. Plant staff worked on the piping components and various tasks required to complete the installation of the new waste gas burner. The project is expected to be completed in the next two months.

On January 14, staff purchased new aluminum isolation gates for the headworks influent channels and the channels for the aerated grit chamber. The new gates replace existing gates that were badly corroded.

On January 7, plant staff replaced the glass sight glass on sludge pump #1 with a short section of pipe. Staff noted that the sight glass had a crack and needed to be replaced. Staff is consulting with various vendors for a replacement sight glass.

On January 25, staff replaced the packing on the knife gate valve for main influent pump #1.

On January 15, staff from San Luis Powerhouse performed the quarterly maintenance and inspection on the emergency auxiliary generator. They replaced all the drive belts on the diesel engine. No problems were noted during the inspection.

On January 29, plant staff performed repair and maintenance on the copper tubing lines used to grease the upper bearing supports for the flight chains in the chlorine contact tank.

On January 16, staff from Vortex Doors performed repair and maintenance on the front door to the administration building. Plant staff had noted problems with the locking mechanism on the door.

On January 31, plant staff installed a new eye wash/ emergency shower at the headworks. The new station replaces an existing station that was not cost effective to repair.

On January 18, plant staff replaced a cracked cam lock fitting on the piping used to fill the sodium hypochlorite chemical storage tank.

On January 10, at 1930 hours, staff responded to a high chlorine residual alarm at the plant. Staff discovered a problem with flow paced dosing pump #3 and switched to flow paced dosing pump #1. They made minor adjustments to the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted. Staff noted that the change in the alarm set point for the chlorine residual alarm was effective in prompting a quick response time.

On January 11, staff replaced a sodium hypochlorite chemical dosing pump # 3 with a new pump that was in stock at the plant. Staff had discovered a problem with the existing pump during a call out the previous evening.

The following reports were submitted to the appropriate agencies:

- The Discharge Monitoring Forms (DMR) for December 2012
- The Discharge Monitoring Forms (DMR) for Semiannual Effluent Sampling Chemical and Bioassay Analysis for January 1, 2013 to June 30, 2013

The following reports were submitted to the CIWQS electronic reporting system:

- The December 2012 Monthly Monitoring Data
- Fourth Quarter Receiving Water Survey, October 2012
- Semiannual Effluent Sampling Chemical and Bioassay Analysis Results January 2013

On January 18, a Cal Poly student interested in trickling filter performance toured the plant.

The National Estuary Program Volunteer Monitoring Program continued analysis of bacterial samples collected from throughout the watershed in the laboratory at the plant. The volunteers are using space provided in the lab by plant staff.

The permanent household hazardous waste collection facility (PHHWCF) at the plant continued to be well used by the public. Between twenty and fifty participants are using the facility each Saturday.

Bruce Keogh
Wastewater Division Manager
Lab/C/Bruce/Monthlys/January 2013

The City of Morro Bay-Cayucos Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY FEBRUARY 2013

Flow for the month of February averaged 0.996 Million Gallons per Day (MGD).

Removal of suspended solids ranged from 86.4 % to 90.1 % for the month, with an average removal of 88.9 % for the month. BOD removal ranged from 83.0 % to 86.8 % for the month, with an average removal of 84.9 % for the month. The rainfall for the month was 0.85 inches. For the month of February, the plant was in compliance with the discharge and receiving-water limitations specified in the NPDES discharge permit. Other than normal operations and maintenance, the following items are noteworthy:

During the month of February, plant staff continued with the waste gas burner replacement project. Plant staff continued work on the piping components and various tasks required to complete the installation of the new waste gas burner. The project is expected to be completed in the next two months.

On February 28, while performing a routine test of the emergency auxiliary generator, staff noted a problem with switching from utility to generator power. They contacted Alpha Electric to assist in troubleshooting the problem. In subsequent tests the switchgear performed without any issues noted. Staff is working with Alpha Electric to troubleshoot the issue.

On February 7, staff pulled the screening unit for the muffin monster located in the influent channel at the headworks. They removed a small amount of rags from the lower portion of the screen and placed the unit back in operation.

During the month of February, staff from Alpha Electric replaced the motor starters and contactors, and switches located in the electrical buckets for various pieces of vital plant equipment, including the two RAS blowers, the primary collector drive, and one of the biofilter recirculation pumps.

On February 27, staff replaced the batteries for the emergency auxiliary generator. The batteries are on a work order for replacement every two years.

On February 25, staff began preparations for removal of one of the 3W pumps for inspection and maintenance. They also replaced a portion of the 3W discharge piping that was badly corroded.

On February 4, staff submitted the application, documentation, and fees to the Department of Health Services Environmental Laboratory Accreditation Program (ELAP), for the renewal the Morro Bay Cayucos Wastewater Plant Laboratory ELAP certification "...pursuant to the provisions of the Health and Safety Code (HSC), Division 101, Part 1, Chapter 4, Section 100825, et seq."

On February 14, plant staff submitted a copy of the updated Hazardous Materials Business Plan for the WWTP to staff at the San Luis Obispo County Environmental Health Services.

On February 15, staff received and reviewed the Management Plan for Commercial Shell fishing in Morro Bay developed by the California Department of Public Health. The Management Plan contains reporting guidelines for the City in the event of a sewer spill to the Bay or ocean.

On February 6, staff faxed the 2012 Emissions and Throughput Data for the Morro Bay WWTP to staff at the Air Pollution Control District.

The following reports were submitted to the appropriate agencies:

- The Discharge Monitoring Forms (DMR) for January 2013

The following reports were submitted to the CIWQS electronic reporting system:

- The January 2013 Monthly Monitoring Data

On February 20, Mr. Bruce Keogh, Mr. Neza Chavira, Mr. Dave Bierman and Mr. Les Girvin attended a storm water training seminar sponsored by the City of Morro Bay. Mr. John Gunderlock, Mr. George Helms, and Mr. Steve Aschenbrener attended the storm water training seminar on February 21.

On February 21, Mr. Bruce Keogh and on February 22, Mr. Rob Livick gave presentations at the Scenic Coast Association of Realtors Bimonthly Education Meetings held in Cambria and Morro Bay. The presentation included a summary of the progress on the upgrade project and the sewer fee schedules for the City and Sanitary District. The presentation also provided public outreach on *toxoplasma gondii*, best management practices for cat litter including not flushing cat litter, information on the new County wide pharmaceutical take back program, proper disposal of FOG, collection system do's and don'ts, information on the household hazardous waste facility at the plant, the lateral inspection program, and an update on the biosolids composting project.

On February 2, an interested student from Cal Poly toured the plant; their primary interest was in the anaerobic digestion process.

The National Estuary Program Volunteer Monitoring Program continued analysis of bacterial samples collected from throughout the watershed in the laboratory at the plant. The volunteers are using space provided in the lab by plant staff.

The permanent household hazardous waste collection facility (PHHWCF) at the plant continued to be well used by the public. Between twenty and fifty participants are using the facility each Saturday.

Bruce Keogh
Wastewater Division Manager
Lab/C/Bruce/Monthlys/February 2013

Total Plant Flow Cayucos Flow Totals Morro Bay Flow Totals

2011	Total Flow	Daily Flow	Total Flow	Daily Flow	%	Total Flow	Daily Flow	%	# of days	Dates
JAN	42.338	1.366	12.089	0.390	28.6%	30.249	0.976	71.4%	31	Jan 1-Jan 31, 2011
FEB	35.600	1.271	9.674	0.346	27.2%	25.926	0.926	72.8%	28	Feb 1-Feb 28, 2011
MAR	47.887	1.545	13.770	0.444	28.8%	34.117	1.101	71.2%	31	March 1 - 31, 2011
APR	38.937	1.298	9.117	0.304	23.4%	29.820	0.994	76.6%	30	April 1 - April 30, 2011
MAY	37.092	1.197	8.704	0.281	23.5%	28.388	0.916	76.5%	31	May 1 - 31, 2011
JUNE	37.769	1.259	9.381	0.313	24.8%	28.388	0.946	75.2%	30	June 1-30, 2011
JULY	43.654	1.408	11.186	0.361	25.6%	32.468	1.047	74.4%	31	July 1-31, 2011
AUG	38.518	1.243	9.080	0.293	23.6%	29.438	0.950	76.4%	31	August 1-31, 2011
SEPT	33.263	1.109	7.526	0.251	22.6%	25.737	0.858	77.4%	30	September 1-30, 2011
OCT	33.454	1.079	7.597	0.245	22.7%	25.857	0.834	77.3%	31	October 1-31, 2011
NOV	33.240	1.108	7.589	0.253	22.8%	25.651	0.855	77.2%	30	November 1-30, 2011
DEC	32.378	1.044	6.982	0.225	21.6%	25.396	0.819	78.4%	31	December 1-31, 2011
ANNUAL AVERAGES	37.844	1.244	9.391	0.309	24.6%	28.453	0.935	75.4%		
2012	Total Flow	Daily Flow	Total Flow	Daily Flow	%	Total Flow	Daily Flow	%	# of days	Dates
JAN	34.443	1.111	7.444	0.240	21.6%	26.999	0.871	78.4%	31	Jan 1-Jan 31, 2012
FEB	30.478	1.051	6.440	0.222	21.1%	24.038	0.829	78.9%	29	Feb 1-Feb 29, 2012
MAR	33.971	1.096	7.711	0.249	22.7%	26.260	0.847	77.3%	31	March 1 - 31, 2012
APR	35.523	1.184	8.573	0.286	24.1%	26.950	0.898	75.9%	30	April 1 - April 30, 2012
MAY	33.393	1.077	7.390	0.238	22.1%	26.003	0.839	77.9%	31	May 1 - 31, 2012
JUNE	40.101	1.337	7.687	0.256	19.2%	32.414	1.080	80.8%	30	June 1-30, 2012
JULY	46.989	1.516	9.832	0.317	20.9%	37.157	1.199	79.1%	31	July 1-31, 2012
AUG	34.343	1.108	8.191	0.264	23.9%	26.152	0.844	76.1%	31	August 1-31, 2012
SEPT	28.167	0.939	6.825	0.228	24.2%	21.342	0.711	75.8%	30	September 1-30, 2012
OCT	27.793	0.897	6.788	0.219	24.4%	21.005	0.678	75.6%	31	October 1-31, 2012
NOV	26.892	0.896	6.295	0.210	23.4%	20.597	0.687	76.6%	30	November 1-30, 2012
DEC	29.608	0.955	8.023	0.259	27.1%	21.585	0.696	72.9%	31	December 1-31, 2012
ANNUAL AVERAGES	33.475	1.097	7.600	0.249	22.9%	25.875	0.848	77.1%		
2013	Total Flow	Daily Flow	Total Flow	Daily Flow	%	Total Flow	Daily Flow	%	# of days	Dates
JAN	31.654	1.021	8.141	0.263	25.7%	23.513	0.758	74.3%	31	Jan 1-Jan 31, 2013
FEB	27.890	0.962	6.431	0.222	23.1%	21.459	0.740	76.9%	29	Feb 1-Feb 29, 2013
MAR		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	March 1 - 31, 2013
APR		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	30	April 1 - April 30, 2013
MAY		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	May 1 - 31, 2013
JUNE		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	30	June 1-30, 2013
JULY		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	July 1-31, 2013
AUG		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	August 1-31, 2013
SEPT		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	30	September 1-30, 2013
OCT		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	October 1-31, 2013
NOV		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	30	November 1-30, 2013
DEC		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	December 1-31, 2013

STAFF REPORT

MORRO BAY-CAYUCOS J.P.A. WASTEWATER TREATMENT PLANT

To: Honorable Mayor and City Council, City of Morro Bay
Honorable President and Board of Directors, Cayucos Sanitary District

From: Bruce Keogh, Wastewater Division Manager

Date: April 4, 2013

Subject:

Status Report of a Major Maintenance & Repair Plan (MMRP) for the WWTP

Recommendation:

This Department recommends that this report be received and filed.

Fiscal Impact:

There is no fiscal impact at this time.

Summary:

This staff report is intended to provide an update on the development of the MMRP for the wwtp. At the February 14, JPA meeting the Council and District Board approved of the development of an MMRP and made the following motion:

- Direct staff to prepare a time sensitive and prioritized MMRP for the WWTP with an anticipated rolling 2 year budget;
- That the JPA solicit proposals from a qualified firm, or firms, to provide technical advice and analysis on an as needed basis as determined by Morro Bay's Public Services Director and Cayucos Sanitary District Manager;
- And that the Morro Bay Public Services Director and Cayucos Sanitary District Manager report back to the JPA on a semi-annual basis on the progress and costs associated with the MMRP.

Discussion:

Development of a MMRP will assist the City and District in projecting the budgeting of expenditures required to keep the current plant operating in compliance with regulatory requirements.

The primary focus of the past month has been the preparation of the FY 13/14 budget for the wwtp. As part of that process, staff has identified key projects that they recommend funding in the next budget cycle. Those projects will be highlighted during the budget review process. Following submittal of the draft budget to the Finance Director, MBCSD staff will continue to

focus on reviewing Chapter 6 of the Facility Master Plan (FMP), the Electrical Facilities Overview (Appendix H) of the FMP, and the previous CIP developed by Cannon Engineering to continue the process of identifying projects and prioritizing them. In addition, City staff toured the plant with a structural and electrical engineer from Cannon Engineering to solicit input on refining the strategy for the MMRP.

MBCSD staff recommends that it is premature to solicit proposals from a qualified firm, or firms, to provide technical advice and analysis, until further work is performed on the preliminary steps of the MMRP. In the interim period staff can begin work developing the RFP to solicit proposals from qualified firms.

Conclusion:

MBCSD staff will continue to bring a status report on the development of the MMRP at future JPA meetings.

STAFF REPORT

**MORRO BAY-CAYUCOS J.P.A.
WASTEWATER TREATMENT PLANT**

to: Honorable Mayor and City Council, City of Morro Bay
Honorable President and Board of Directors, Cayucos Sanitary District

from: Susan Slayton, Administrative Services Director

date: April 2, 2013

subject: FY 2011/12 WWTP Audit

recommendation:
Accept the WWTP audit report.

fiscal impact:
None

summary:

The MB/CSD Wastewater Treatment Plant's 2011/12 audit report is attached. At last month's meeting, action on the Wastewater Treatment Plant 2012 Audit was postponed to tonight's meeting. Bob Crosby is not available to attend this meeting. With that in mind, Staff asked both the City of Morro Bay Council and the Cayucos Sanitary District Board to provide questions in advance of this meeting; however, no questions have been received as of the date of this agenda item.

Staff did provide an e-mail to the City Council and the Board, answering the March 14 question from Board Member Foster about the Accounts Receivable amount on the financial statement balance sheet. Staff has attached that e-mail that was sent to the City Council and Board, as well as the City's financial system balance sheet.

Since no questions appear to remain unanswered, we anticipate that the WWTP 2012 audit report will be accepted tonight.

Susan Slayton - Questions on Wastewater Treatment Plant audit report

From: Susan Slayton
To: Council; Rick Koon
Date: 3/15/2013 10:46 AM
Subject: Questions on Wastewater Treatment Plant audit report
CC: Lueker, Andrea
Attachments: CU BalanceSheet 2-4-2013.xls

Good morning, Mayor Irons, Council Members and Rick,

At last night's meeting, action on the Wastewater Treatment Plant 2012 Audit was postponed to next meeting, which I believe is to be held on April 11, 2013. Bob Crosby will not be available for that meeting, but if I can have your questions in advance, I will do my best to provide answers.

If you would please send or call me with your questions, I will be happy to take care of that. If you would rather have Mr. Crosby answer them, we will have to postpone the audit further until he is available.

Rick, please send this to the Cayucos board members.

Also, Board Member Foster had a question about the Accounts Receivable amount on the financial statement balance sheet. I've attached the Treatment Plant's system balance sheet for reference. The accounts receivable line is 1155 on the attached system balance sheet in the amount of \$111,345, which matches the financial statement balance sheet. This is composed of:

Cayucos Sanitary District 3rd quarter invoice = \$82,061
 Cayucos Sanitary District 4th quarter invoice = \$20,839
 Morro Dunes June 2012 rent = \$8,445

The Due from Members line on the financial statement balance sheet is \$31,329. This number is composed of the following (please refer to the attached system balance sheet):

1001 Cash in Treasury	\$ -123,373.12
1229 Due from Control	4,126.00
1254 Due from Cayucos	158,196.76
1256 Due from Morro Bay	3,231.07
2082 Due to Cayucos	-8,444.89
2084 Due to Morro Bay	-2,406.98

I hope this helps. If you ANY questions, please call me at 772-6217 or send me an e-mail.

Thanks,
 Susan

Balance Sheet

Through 06/30/12

Detail Listing

Include Rollup Account/Rollup to Account

Account	Account Description	Current YTD Balance	Prior Year Total Actual	Net Change	Change %
Fund Category Fiduciary Funds					
Fund Type Trust and Agency Funds					
Fund 599 - MB/CS Waste Water Fund					
ASSETS					
1001	Cash In Treasury	(123,373.12)	(198,421.94)	75,048.82	37.82
1155	Miscellaneous Receivable	111,345.28	90,524.77	20,820.51	23.00
1229	Due From Control	4,126.00	.00	4,126.00	+++
1254	Due From Cayucos	158,196.76	213,335.13	(55,138.37)	(25.85)
1256	Due From Morro Bay	3,231.07	109,752.97	(106,521.90)	(97.06)
1620	Buildings	12,764,471.25	12,764,471.25	.00	.00
1638	Construction in Progress	2,129,850.97	1,480,722.86	649,128.11	43.84
1640	Machinery & Equipment	1,499,740.06	1,499,740.06	.00	.00
1644	Vehicles	58,547.14	58,547.14	.00	.00
1649	Accumulated Depreciation	(12,998,518.60)	(12,523,218.62)	(475,299.98)	(3.80)
1670	Miscellaneous Prepaid	10,951.06	.00	10,951.06	+++
	ASSETS TOTALS	\$3,618,567.87	\$3,495,453.62	\$123,114.25	3.52%
LIABILITIES AND FUND EQUITY					
LIABILITIES					
2011	Payroll Payable	18,096.41	17,655.06	441.35	2.50
2020	Accounts Payable	84,820.24	133,072.35	(48,252.11)	(36.26)
2025	Sales Tax Payable	(.00)	(.56)	.56	100.00
2082	Due To Cayucos	8,444.89	15,178.52	(6,733.63)	(44.36)
2084	Due To Morro Bay	2,406.98	(.00)	2,406.98	+++
2158	Long Term Leave Time	12,171.94	13,298.39	(1,126.45)	(8.47)
2159	Leave Time Payable	22,034.06	26,117.01	(4,082.95)	(15.63)
2168	Employer Paid LTD	39.75	103.41	(63.66)	(61.56)
2182	Health Ins, Employee Ded.	11,216.38	9,463.06	1,753.32	18.53
2183	Added/Employee Pd. Life	25.00	27.05	(2.05)	(7.58)
2184	Added Employee Pd. Disab	208.80	276.64	(67.84)	(24.52)
2350	Unearned Revenue	5,012.60	(.00)	5,012.60	+++
	LIABILITIES TOTALS	\$164,477.05	\$215,190.93	(\$50,713.88)	(23.57%)
FUND EQUITY					
2901	Fund Balance Prior Years	(193,407.61)	(193,407.61)	(.00)	(.00)
2930	Unreserved Fund Balance	3,647,498.43	3,473,670.30	173,828.13	5.00
	FUND EQUITY TOTALS	\$3,454,090.82	\$3,280,262.69	\$173,828.13	5.30%
	LIABILITIES AND FUND EQUITY TOTALS	\$3,618,567.87	\$3,495,453.62	\$123,114.25	3.52%
	Fund 599 - MB/CS Waste Water Fund Totals	\$0.00	\$0.00	\$0.00	+++
	Fund Type Trust and Agency Funds Totals	\$0.00	\$0.00	\$0.00	+++
	Fund Category Fiduciary Funds Totals	\$0.00	\$0.00	\$0.00	+++
	Grand Totals	\$0.00	\$0.00	\$0.00	+++

**MORRO BAY-CAYUCOS
WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT**

**Independent Auditor's Report
and
Financial Statements**

**For the Year Ended
June 30, 2012**

Draft

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

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Draft

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT

JOINT POWERS AGREEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2012

Management's Discussion and Analysis

This section of the Morro Bay/Cayucos Sanitary District Wastewater Treatment Plant (Treatment Plant) audit report presents a narrative overview and analysis of the financial activities of the Treatment Plant for the fiscal year ended June 30, 2012. The City of Morro Bay's Finance Department prepared this discussion and analysis. Please read it in conjunction with the Treatment Plant's basic financial statements, which begin on page 2. Unless otherwise indicated, all amounts are expressed in thousands of dollars.

Financial Statements

The Treatment Plant's financial statements are those of a jointly owned facility engaged in the receiving, processing and disposing of wastewater and bio-solids. It has only one fund, which is a proprietary, or enterprise fund (*business-type*). Under Governmental Accounting Standards Board (GASB) Statement No. 34, component units of the primary government that have only business activities may present enterprise fund financial statements as follows: 1) statements of net assets; 2) statements of revenues, expenses and changes in net assets; and 3) statements of cash flows.

The Treatment Plant's basic financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles. The basic financial statements begin on page 2 of this report.

The following table indicates the net assets as of the fiscal years ending June 30, 2012, with comparative information for June 30, 2011:

Treatment Plant's Net Assets (Amounts expressed in \$1,000s)

	2012	2011
Current and other assets	\$ 154	\$ 200
Capital assets, net	3,454	3,280
Total assets	<u>3,608</u>	<u>3,480</u>
Accounts payable	85	133
Other liabilities	69	67
Total liabilities	<u>154</u>	<u>200</u>
Net assets:		
Invested in capital assets, net of related debt	3,454	3,280
Unrestricted	-	-
Total net assets	<u>\$ 3,454</u>	<u>\$ 3,280</u>

For all fiscal years presented, the Treatment Plant was able to report a positive balance in net assets.

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2012

Treatment Plant's Changes in Net Assets
(Amounts expressed in \$1,000s)

	<u>2012</u>	<u>2011</u>
Charges for services	\$ 2,400	\$ 2,847
Plant operations	<u>(2,877)</u>	<u>(3,030)</u>
Increase (decrease) in net assets	(477)	(183)
Non-operating transfers	<u>651</u>	<u>489</u>
Change in net assets	<u>174</u>	<u>306</u>
Net assets - July 1	<u>3,280</u>	<u>2,974</u>
Net assets - June 30	<u><u>\$ 3,454</u></u>	<u><u>\$ 3,280</u></u>

Capital assets. The Treatment Plant's investment in capital assets as of June 30, 2012 amounts to \$3,454,090, net of accumulated depreciation. This investment in capital assets includes the buildings, machinery, equipment, vehicles and construction in progress.

Treatment Plant's Net Capital Assets
(Amounts expressed in \$1,000s)

	<u>2012</u>	<u>2011</u>
Plant	12,764	12,764
Machinery and equipment	1,500	1,500
Vehicles	59	59
Construction in progress	2,130	1,480
Less accumulated depreciation	<u>(12,999)</u>	<u>(12,523)</u>
Net capital assets	<u><u>\$ 3,454</u></u>	<u><u>\$ 3,280</u></u>

Additional information on capital assets can be found in Note 5 on page 8.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements begin on page 5 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Treatment Plant's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Morro Bay, 595 Harbor Street, Morro Bay, CA 93442.

Independent Auditor's Report

Governing Bodies

Morro Bay-Cayucos Wastewater Treatment Plant (Joint Powers Agreement)

I have audited the accompanying financial statements of the business-type activities of the Morro Bay-Cayucos Wastewater Treatment Plant (Joint Powers Agreement), a component unit of the City of Morro Bay and the Cayucos Sanitary District, as of and for the year ended June 30, 2012, which collectively comprise the organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Morro Bay-Cayucos Wastewater Treatment Plant's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Morro Bay-Cayucos Wastewater Treatment Plant as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages i through ii, are not a required part of the basic financial statements but are supplementary information required by U.S. Generally Accepted Accounting Principles. I have applied certain limited procedures, which consisted principally of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Morro Bay-Cayucos Wastewater Treatment Plant (Joint Powers Agreement) basic financial statements. The supplemental Schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Morro Bay-Cayucos Wastewater Treatment Plant. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

CROSBY COMPANY
Certified Public Accountant

December 18, 2012

Draft

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
As of June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

ASSETS	<u>2012</u>	<u>2011</u>
<i>Current assets:</i>		
Accounts receivable	\$ 111,345	\$ 90,524
Due from members	31,329	109,488
Prepaid expenses	10,951	
Total current assets	153,625	200,012
<i>Noncurrent assets:</i>		
Capital assets		
Construction in progress	2,129,851	1,480,723
Plant	12,764,471	12,764,471
Machinery and equipment	1,499,740	1,499,740
Vehicles	58,547	58,547
Less accumulated depreciation	(12,998,519)	(12,523,219)
Total noncurrent assets	3,454,090	3,280,262
Total assets	\$ 3,607,715	\$ 3,480,274
LIABILITIES AND NET ASSETS		
<i>Current liabilities:</i>		
Accounts payable	\$ 84,820	\$ 133,072
Accrued liabilities	63,792	66,940
Deferred revenue	5,013	
Total liabilities	\$ 153,625	\$ 200,012
<i>Net assets:</i>		
Invested in capital assets	\$ 3,454,090	\$ 3,280,262
Total net assets	\$ 3,454,090	\$ 3,280,262

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the Year Ended June 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Allocated revenues:		
Revenue	\$ 2,400,391	\$ 2,847,585
Total allocated revenue	2,400,391	2,847,585
Allocated expenses:		
Salaries	465,278	497,059
Employee costs	302,358	303,469
Allocated costs	77,261	103,765
Operating supplies	254,511	253,063
Depreciation	475,300	477,906
Repairs and maintenance	113,789	151,457
Contractual services	691,570	375,017
Professional development	1,350	1,685
Professional services	100,933	485,104
Communications	1,751	1,757
Utilities/waste disposal	158,837	166,148
Insurance	214,347	189,982
Licenses, fees and permits	20,125	23,144
Total allocated expenses	2,877,410	3,029,556
Operating loss	(477,019)	(181,971)
Miscellaneous member transfers/reclassifications		
Capitalized expenses (construction in progress)	649,128	784,444
Year-end net asset allocation	1,719	(295,935)
Total miscellaneous member transfers/reclassifications	650,847	488,509
Changes in net assets:	173,828	306,538
Net assets-beginning:	3,280,262	2,973,724
Net assets-ending:	\$ 3,454,090	\$ 3,280,262

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
<i>Cash flows from operating activities:</i>		
Cash received from allocated revenue	\$ 2,379,570	\$ 2,883,510
Payments to employees	(468,919)	(492,140)
Other payments	(1,912,370)	(2,095,435)
Net cash provided (used) by operating activities	(1,719)	295,935
<i>Cash flows from capital and related financing activities:</i>		
Acquisition of capital assets	(649,128)	(784,444)
Net cash used by capital and related financing activities	(649,128)	(784,444)
<i>Cash flows from non-capital and related financing activities:</i>		
Miscellaneous member transfers/reclassifications	650,847	488,509
Net cash provided by non-capital and related financing activities	650,847	488,509
<i>Net change in cash:</i>	-	-
<i>Cash and cash equivalents-beginning:</i>	-	-
<i>Cash and cash equivalents-ending:</i>	\$ -	\$ -
<i>Reconciliation of operating income to net cash provided by operating activities:</i>		
Operating loss	\$ (477,019)	\$ (181,971)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	475,300	477,906
Net changes in assets and liabilities		
Accounts receivable	(20,821)	(90,212)
Due from members	78,159	387,016
Prepaid expense	(10,951)	
Accrued interest receivable		1,022
Accounts payable	(48,252)	(305,756)
Accrued liabilities	(3,148)	7,930
Deferred revenue	5,013	
Net cash provided (used) by operating activities	\$ (1,719)	\$ 295,935

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1: ORGANIZATION

The Morro Bay-Cayucos Wastewater Treatment Plant began operations in 1953 under the authorization of a joint construction and operation agreement dated June 16, 1953. This agreement has subsequently been amended, and the current authorization is under a joint powers agreement for the ownership, operation, and maintenance of the wastewater treatment facilities dated October 25, 1982, for the purpose of providing treatment for each member's wastewater. Operating expenses are allocated to each member based on actual wastewater flow percentages. The Plant is governed jointly by the City Council of Morro Bay and the Board of Directors of the Cayucos Sanitary District.

Reporting Entity

The Morro Bay-Cayucos Wastewater Treatment Plant (Plant) complies with U.S. Generally Accepted Accounting Principals and all relevant Governmental Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the Plant's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information is presented for comparative purposes only. Additional detailed information is presented in the prior year financial statements from which the summarized information was derived.

Financial Records

The books and records of the Plant are maintained by the City of Morro Bay.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Fund Type (Enterprise Funds)

The Plant accounts for its operation as an Enterprise Fund. Enterprise Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The enterprise funds of the Plant are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Budgets and Budgetary Accounting

An annual budget is adopted by the Governing Bodies at the start of each year. Any changes or revisions to that budget throughout the year must be approved by the Governing Bodies.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are written off in full when the receivable is deemed totally uncollectible. An allowance for uncollectibles is zero and not considered necessary since it would not be material.

Capital Assets

All capital assets are valued at historical cost, or estimated historical cost if actual costs are not available. Depreciation has been provided over the estimated useful life of the asset using the straight-line method. The estimated useful lives are as follows:

Treatment Facilities	30 years
Equipment	5-19 years

Compensated Absences

The accrual for vacation time earned but not taken by staff employees was calculated based on actual vacation days and applied to the individual employees' hourly rate.

**MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 3: CASH AND CASH EQUIVALENTS

All Plant transactions are made through the City of Morro Bay's pooled cash account. A year-end net asset allocation adjustment is made to the members due to/from accounts so that the Plant does not record any cash balances in the financial statements at year end.

NOTE 4: DUE FROM MEMBERS/ACCRUED INTEREST

Amounts due/(to) Members at June 30, 2012, are as follows:

Members

City of Morro Bay	\$ (118,423)
Cayucos Sanitary District	<u>149,752</u>
Total	<u>\$ 31,329</u>

NOTE 5: CAPITAL ASSETS

A summary of capital assets by major classification, are as follows:

<u>Capital Assets</u>	<u>Balance at June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>
Plant	\$ 12,764,471	\$ -	\$ -	\$ 12,764,471
Machinery and Equipment	1,499,740			1,499,740
Vehicles	<u>58,547</u>			<u>58,547</u>
Subtotal - Capital assets	14,322,758	-	-	14,322,758
Construction in Progress	<u>1,480,723</u>	<u>649,128</u>		<u>2,129,851</u>
Subtotal - Accumulated	15,803,481	649,128	-	16,452,609
Depreciation	<u>(12,523,219)</u>	<u>(475,300)</u>		<u>(12,998,519)</u>
Capital assets, net	<u>\$ 3,280,262</u>	<u>\$ 173,828</u>	<u>\$ -</u>	<u>\$ 3,454,090</u>

Depreciation expense was \$475,300 for the year ending June 30, 2012.

**MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 6: COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Morro Bay-Cayucos Wastewater Treatment Plant's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

SUPPLEMENTAL INFORMATION

Draft

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
COMBINING SCHEDULE OF ALLOCATED EXPENSES
For the Year Ended June 30, 2012

Allocated expenses

Salaries
Employee costs
Allocated costs
Operating supplies
Depreciation
Repairs and maintenance
Contractual services
Professional development
Professional services
Communications
Utilities/waste disposal
Insurance
Licenses, fees and permits

Totals

Allocated Expenses		
Plant Operating Expenses	Construction in Progress Totals	Total Allocated Expenses
\$ 465,278	\$ -	\$ 465,278
277,612	24,746	302,358
15,662	61,599	77,261
252,633	1,878	254,511
475,300	-	475,300
113,789	-	113,789
197,312	494,258	691,570
1,350	-	1,350
34,286	66,647	100,933
1,751	-	1,751
158,837	-	158,837
214,347	-	214,347
20,125	-	20,125
\$ 2,228,282	\$ 649,128	\$ 2,877,410

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT

JOINT POWERS AGREEMENT

COMBINING SCHEDULE OF ALLOCATED EXPENSES

CONSTRUCTION IN PROGRESS

For the Year Ended June 30, 2012

	Allocated Expenses				Construction in progress Totals
	Project Management	California Coastal Commission Appeal	Upgrade Design	Environment Permit	
Allocated expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Employee costs		18,035	5,734	977	24,746
Allocated costs		50,248	9,546	1,805	61,599
Operating supplies		1,878			1,878
Depreciation					-
Repairs and maintenance					-
Contractual services		494,258			494,258
Professional development					-
Professional services	61,527		5,120		66,647
Communications					-
Utilities/waste disposal					-
Insurance					-
Licenses, fees and permits					-
Totals	\$ 61,527	\$ 564,419	\$ 20,400	\$ 2,782	\$ 649,128

**MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT**

**SCHEDULE OF MEMBER BALANCE DUE ACCOUNTS
For the Period July 1, 2011 through June 30, 2012**

Operating costs are allocated to the City of Morro Bay and the Cayucos Sanitary District based on actual average quarterly flow percentages. The average quarterly flow percentages, and the average quarterly operating costs charged to the City of Morro Bay and the Cayucos Sanitary District for the period July 1, 2011 through June 30, 2012 are presented below. Capital and other costs are allocated based on the contractual percentage.

	City of Morro Bay	Cayucos Sanitary District	Total	City of Morro Bay	Cayucos Sanitary District	Total
Balance due from members at June 30, 2011				\$ (85,533)	\$ 195,021	\$ 109,488
Operating Expenditures						
July 1 - September 30, 2011	75.92%	24.08%	100%	267,256	84,767	352,023
October 1 - December 31, 2011	77.62%	22.38%	100%	396,003	114,179	510,182
January 1 - March 31, 2012	78.16%	21.84%	100%	293,677	82,062	375,739
April 1 - June 30, 2012	78.31%	21.69%	100%	398,628	110,410	509,038
Subtotal of operating expenditures	77.50%	22.50%	100%	1,355,564	391,418	1,746,982
Capital Costs						
Total allocated to capital costs	72.00%	28.00%	100%	407,206	158,358	565,564
100% Allocated to Morro Bay	100%		100%	83,564		83,564
Subtotal of capital costs				490,770	158,358	649,128
Other Allocations						
AGP Video Invoice	100.00%	-	100%	6,000		6,000
Total allocated expenses July 1, 2011 through June 30, 2012				1,852,334	549,776	2,402,110
Amounts reimbursed July 1, 2011 through June 30, 2012				(1,885,224)	(595,045)	(2,480,269)
Total amount allocated June 1, 2011 through June 30, 2012				(32,890)	(45,269)	(78,159)
Balance due from members at June 30, 2012				\$ (118,423)	\$ 149,752	\$ 31,329
Repayment						
Fourth quarter invoice due at June 30, 2012				7,357	158,197	165,554
Lease receivable at June 30, 2012				(2,407)	(8,445)	(10,852)
Cash allocation at June 30, 2012				(123,373)		(123,373)
Balance due from members at June 30, 2012				\$ (118,423)	\$ 149,752	\$ 31,329

See Independent Auditor's report

STAFF REPORT

**MORRO BAY-CAYUCOS J.P.A.
WASTEWATER TREATMENT PLANT**

To: Honorable Mayor and City Council, City of Morro Bay
Honorable President and Board of Directors, Cayucos Sanitary District

From: Rob Schultz, City Attorney, City of Morro Bay

Date: April 1, 2013

Subject: Discussion and Approval to Terminate the Consultant Services Agreements with Delzeit, Dudek, McCabe & Company, and Montgomery Watson Harza.

Recommendation:

Staff recommends that the City and District terminate the consultant services agreements with Delzeit, Dudek, McCabe, and Montgomery Watson Harza (MWH).

Discussion:

The City of Morro Bay and Cayucos Sanitary District entered into four (4) separate agreements for professional consultant services for various tasks involved in the original wastewater treatment plant project. The agreement with Dennis Delzeit was for project management services. The agreement with Dudek was for a site alternatives analysis. The agreement with McCabe was for Coastal Commission consulting services. The agreement with MWH was for architectural and engineering design services.

At the Morro Bay City Council Meeting on January 3, 2013 and at the Cayucos Sanitary District Board of Directors Meeting on January 7, 2013, the City Council and District Board each respectively took action to suspend the consultant services agreements with Delzeit, Dudek, and McCabe. Previously, the City and District, had suspended the MWH agreement.

Conclusion:

The original wastewater treatment plant project is dead and the City and District are looking at options and alternatives for a new project. Under the circumstances, it seems appropriate at this time for the City and District to jointly give notice of termination for each of the four (4) consultant services agreements.