

**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
Cary Maffioli, Director
Shirley Lyon, Director
Dan Lloyd, Director

City of Morro Bay City Council:

Jamie Irons, Mayor
Noah Smukler, Mayor Pro Tem
Matt Makowetski, Councilmember
John Headding, Councilmember
Christine Johnson, Councilmember

AGENDA

MEETING DATE:

6:00 p.m., Thursday, September 10, 2015

MEETING PLACE:

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

HOSTED BY:

City of Morro Bay

CALL TO ORDER AND ROLL CALL

COUNCIL AND BOARD ANNOUNCEMENTS

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 these joint 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 APRIL 30, 2015 JPA MEETING

Recommendation: Approve as submitted

A-2 WWTP OPERATIONS REPORT THROUGH JUNE, 2015

Recommendation: Receive and file

B. OLD BUSINESS

B-1 STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP

Recommendation: Receive and file

C. NEW BUSINESS

C-1 PRESENTATION OF THE FY13/14 WWTP AUDIT

Recommendation: Following discussion and consideration of this item, the Council and District Board approve the audit

C-2 REVIEW OF RFP RESPONSES FOR JPA AUDIT SERVICES AND AWARD OF AUDIT SERVICES CONTRACT

Recommendation: The Morro Bay City Council (Council) and Cayucos Sanitary District Board of Directors (Board) review the RFP responses, and award the audit contract for the 2014/15 – 2016/17 fiscal years, with the potential to audit through FY 2018/19, to the lowest responsive and responsible bidder, Crosby Company.

City of Morro Bay Items:

C-3 STATUS REPORT ON THE DEVELOPMENT OF A REGIONAL WATER RECLAMATION FACILITY AT RANCHO COLINA

Recommendation: Receive and file

Cayucos Sanitary District Items:

No Items

D. SCHEDULE NEXT JOINT MEETING AND FUTURE AGENDA ITEMS

Next Quarterly Meeting Date and Location To Be Discussed

ADJOURNMENT

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 ASAP Reprographics 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 Works Administrative Technician at (805) 772-6262, 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.

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.

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President Enns opened Public Comment.

Marla Jo Bruton Sadowski – North Morro Bay. Said Governor Brown issued an executive order today concerning the climate change adaptation strategy for the state of California and if anyone would like to read it, go online to postings at ocean public and look up Governor Brown's order 4/30/15.

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

A. CONSENT CALENDAR

1. MINUTES OF MARCH 12, 2015 JPA MEETING

Recommend approve as submitted.

2. STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE (MMRP) FOR THE WWTP

Recommend receive and file.

Keogh gave an overview of the MMRP status report noting recent areas of accomplishments, and highlighting some of the projects that are ongoing at this time. He said they are currently working on the repair of the number one digester and have contracted with Fluid Resource Management for sandblasting and coating of that tank. He also talked about the chlorine contact and basin improvements they have been doing as well.

Irons thanked Keogh for the staff report and complimented him and his staff on work well done.

Smukler said it might be confusing for people to hear how much effort is going into the plant and the money that is being spent to keep it operational knowing it will be demolished within the next five years. He asked Keogh to elaborate on the "balancing act" with the investments.

Keogh said they have great support from the City of Morro Bay engineering staff, from Mr. Koon, District Manager for Cayucos Sanitary District, support from Mike Nunley and Associates and some of the engineering staff at Black and Veatch.

Makowetski asked Keogh if he would be starting a new MMRP with the new FY budget.

Keogh said yes, the MMRP is like a rolling budget. Next year will be much less expensive, as they won't be cleaning the digesters, or need to do a bunch of work on that system because most of it will be done.

Enns thanked Keogh for his presentation and spoke of the confidence Cayucos has in him and what a great job he has done for both communities.

Keogh made a public offer to answer any questions they might have regarding the current plant and or to schedule plant tours if anyone is interested in taking a tour.

MORRO BAY MOTION: Mayor Irons made a motion to approve Consent Calendar Items A-1 and A-2. Councilmember Johnson seconded.

Marla Jo Bruton Sadowski – North Morro Bay. Interrupted the motion to ask if there was any public comment on that.

Enns obliged.

Marla Jo Bruton Sadowski – North Morro Bay. Said she knows the public is probably confused as to why so much money is being put into a plant that they are planning to demolish. She said the reason for that is the Morro Bay, Cayucos Sanitary wastewater treatment plant is 43 years behind the minimum treatment capacity and is not even up to full secondary treatment, which was mandated in 1973.

Enns asked if there were any other comments. Hearing none, he asked Irons to continue the motion.

Mayor Irons continued his motion with a vote. Motion passed (5-0).

CAYUCOS MOTION: Director Lyon made a motion to approve Consent Calendar Items A-1 and A-2. Vice President Chivens seconded. Motion passed (5-0).

Enns commented that there is no item “B” on tonight’s agenda. Confirming that it was an oversight when the agenda was created by Morro Bay, he moved on to item C1.

C. NEW BUSINESS

C-1 PRESENTATION OF COMMUNITY INPUT RECEIVED AT THE CAYUCOS TOWN HALL MEETING

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

Enns began by thanking the number of people who came out to the Town Hall meeting saying it was nice to see the great response from the Cayucos community. He also thanked a number of clubs such as the Rotary, Cayucos Advisory Council, Cayucos Lions, Cayucos Lioness’ clubs, and Friends of the Library who all hosted discussion and feedback sessions prior to the Town Hall meeting. He commented that they had some very good, intelligent questions, and he felt that the outcome and feedback was overwhelmingly positive. He said there were consistent themes from all the groups and that the most important message that they received from the community was the ability for the community to retain the use of their treated, reclaimed water. The second message that was loud and clear was about ownership. Paying twenty eight percent of another project and having absolutely no ownership was unacceptable to our constituents. Our ratepayers want to own what they pay for. Lastly, they wanted their community to have local governance to have the ability to control all costs related to the project. Enns stated “Once it became clear that these were the concerns of our community, I felt it was important for our Board to be fully informed of all the facts before us as well as the feedback from the community. As a result of that, I scheduled a meeting, a special meeting for 4:30 this afternoon, just preceding this meeting so that our Board could be fully informed. Based on the community feedback, I asked our Counsel, Tim Carmel (at the end of the table here), to prepare a resolution that would document the facts before us and allow our Board to make an informed decision. Our Board considered all of the and voted to support independently pursuing

alternatives for wastewater treatment and water reclamation” (audience applause). Enns said “thank you, and by the way, that vote was unanimous”. “I think it is important now to read the material provisions of the Resolution, I’m going to ask our Counsel, Tim Carmel to do that”.

Carmel read aloud items from resolution number 2015-1.

Enns said that he felt that for both communities, it was critical to have clarity regarding this issue and not impede the progress of Morro Bay as they pursue a Morro Bay water reclamation facility. He also said that in the interest of both communities, Cayucos has prepared copies of the resolution, which documents events leading up to the provisions of the resolution as recited by Carmel.

Irons thanked the Cayucos Board for the Town Hall Meeting. He said he thinks it’s great to get a definitive answer on what they need to do as two bodies.

Smukler congratulated the Cayucos Board and the community for taking a step in what he thinks is a really important direction. He challenged and encouraged the community to stay involved.

Headding congratulated the Board on embarking upon a significant adventure that will reach decades into the future. He congratulated the Board a couple more times stating no harm, no foul.

Makowetski congratulated the Board saying, “with that said, we will be moving in these directions but we still a number of years working together and I look forward to working with you”.

Johnson said it is terrific to have a direct response from the Cayucos community that is backed up by their Board. She commented that since her time on the Board, she has never seen as big of a turn out in participation than she is seeing this evening.

Enns thanked Morro Bay for their support of the Cayucos community and their decision to move in a new direction.

Lloyd appreciated the collegial comments from Morro Bay agreeing the two Boards have at least another five years of working together. He is hopeful of working together harmoniously regarding the beneficial use of the land, options, opportunity, equity and interest in property after use of the plant is discontinued.

Chivens thanked Morro Bay for supporting Cayucos’ decision and commented on the two communities going their separate ways by saying, “it’s not you, it’s us”.

President Enns opened Public Comment.

Garth Kornreich – Cayucos. Attended the Town Hall meeting, and said he heard the comment that the “door is still open”. He asked if there had been any discussions between Morro Bay and Cayucos since then because it sounds like a happy divorce.

Hearing no further comments, President Enns closed Public Comment.

Koon said the door is still open in looking at all sorts of alternatives for us.

Smukler said economy of scale brings mostly financial benefits and working together is going to be important.

Headling said to add more detail to public comment, there was discussion at the City Council meeting last Tuesday, which can be viewed, on channel 20.

Johnson clarified the public comment and then said, no, these two groups have not discussed anything outside of a public meeting.

Enns moved on to item C-2 (majority of audience left at this time)

C-2 REVIEW OF PREVIOUS MORRO BAY EFFORTS AND DISCUSSION OF FIVE YEAR PLAN FOR WORKING COOPERATIVELY TOWARDS PLANNING, DESIGN, AND CONSTRUCTION OF A NEW REGIONAL WRF AT THE PREFERRED IDENTIFIED LOCATION AT RANCHO COLINA

Recommendation: Following discussion and consideration of this item, the Council and District Board direct staffs to develop and publish notice of Requests for Proposals for Project Management and the Environmental Review Process; and agree to split the costs on a pro rata basis from January 2015 to completion of the Facility Master Plan, the Environmental Review Process, and Project Management

Enns stated as a result of the decision that was made by the Cayucos Board earlier, and announced this evening, item C-2 is no longer relevant.

Irons disagreed, claiming it was very important. He asked Buckingham to begin his presentation.

Buckingham said Morro Bay remains committed to working collaboratively to keep the project moving forward. He then presented and read through, verbatim in its entirety, a PowerPoint presentation created by Morro Bay.

Johnson thanked Buckingham for his report and asked couple of questions regarding how they will handle the items in his presentation, which call for joined District Board and City Council efforts.

Buckingham said if both Boards adopt his motion tonight, the current RFP that is written for a three party contract would be signed by all parties and an MOU really is not needed to do that. If Cayucos does not adopt the motion, the RFP will be rewritten into a two party contract between the City of Morro Bay and the consultant.

President Enns opened Public Comment.

Maria Jaqua – Cayucos. Attended the Town Hall meeting and asked why none of the reports from WSC were shared.

Bob Geller – Morro Bay. Urged City of Morro Bay to go their way and have a two party contract with Morro Bay and the consultant.

Marla Jo Bruton Sadowski – North Morro Bay. Said this is a surprise and thanked Buckingham for his presentation.

Nancy Vost – Morro Bay. Said she doesn't have cable, and is grateful she can watch the meetings on her iPad. She stated that she felt the CSD Board had a contentious and hostile attitude in the last meeting she watched and said she feels that Cayucos has wasted millions of resident's dollars in the recent past therefore wants Cayucos to be a rate payer like everyone else.

Hearing no further comments President Enns closed Public Comment.

Enns asked Irons if he had a motion he was going to make.

Irons requested a recess and said will come back with a motion.

Enns called a ten-minute recess at 7:24pm.

Meeting reconvened at 7:33pm.

Enns said he was quite surprised, after such an agreeable nature from Morro Bay Council and wishing Cayucos good luck, that Buckingham chose to try to admonish Cayucos for their participation with Morro Bay in the past. He spoke directly to Morro Bay community saying that if it wasn't absolutely clear before why Cayucos might want to separate from Morro Bay, he thinks Buckingham has certainly demonstrated condescending and accusatory nature in his remarks on behalf of Morro Bay, keeping in mind his remarks don't resemble Morro Bay Council, he thanked the Council for their comments.

Irons interrupted Enns asking him not to address his staff directly or individually and to refrain from those types of remarks.

Enns said he will conclude with "while much of what was presented by Morro Bay we felt we could easily challenge, we see no point in doing so". He reminded everyone about the resolution that Cayucos presented in opening this meeting "Cayucos hereby declares its intension to suspend consideration of participation in the Morro Bay Reclamation Facility".

MORRO BAY MOTION: Mayor Irons made a motion to approve Items C-2. Councilmember Smukler seconded.

Headling addressed Enns and asked him to clarify the resolution that was presented.

Irons said he wanted to keep discussion to the motion.

Smukler said the way he read the motion, it was not prepared with the thought of the resolution Cayucos presented but felt the motion still applies to the concept of at some point within the FMP process, until they really need to scale the plant, the door will still be open.

Johnson agreed with Smukler saying she believes it is the spirit of the motion, and she feels they should make the motion in spite of the change they've heard.

Motion passed (5-0).

Enns said in keeping with the agreement and the JPA, he asked the Cayucos Board if they would like to make the same motion.

Lloyd said he sees no need to vote on the same motion.

Enns said seeing no motion coming forward from Cayucos, the answer is no.

Irons asked for any closing comments, asking Heading if he still had comments.

Heading directed a question to Enns asking if Resolution 2015-1 was penned after the second Cayucos public meeting this evening.

Irons said to Enns, your opening statement was “this resolution was crafted and written following your special meeting today at 4:30”.

Enns stated the resolution was passed at their special meeting and that their full board had not seen the resolution until 4:30 this afternoon.

Carmel said that perhaps he could clarify this by letting everyone know that he started drafting it yesterday but essentially, he drafted it this morning.

D. SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

Smukler asked for input from Morro Bay staff but said he would like to see some efficiency with future JPA meetings, which will just focus on the old plant.

Keogh said it is his understanding that budget hearings and deliberations will occur in May for the Morro Bay City Council and generally, they’ve brought the budget back at the first JPA meeting in June. He doesn’t feel a May JPA meeting is necessary in two weeks and suggested the second Thursday in June.

Enns said let’s put that on the schedule, tentatively.

ADJOURNMENT

President Enns adjourned the meeting at 7:46 p.m.

Irons attempted to reopen the meeting asking if anyone would like to make additional closing comments.

Meeting remained adjourned.

Minutes Recorded and Respectfully Submitted By:

X

Danielle Crawford
Administrative Services Billing Manager

STAFF REPORT

**CITY OF MORRO BAY-CAYUCOS SANITARY DISTRICT
WASTEWATER TREATMENT PLANT (WWTP)**

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

FROM: Bruce Keogh, Morro Bay Wastewater Division Manager

DATE: September 10, 2015

SUBJECT: WWTP Operations Report through June 2015

RECOMMENDATION:

This Department recommends this report be received and filed.

FISCAL IMPACT:

None

SUMMARY:

Attached, find copies of the Morro Bay-Cayucos WWTP reports, for January to June 2015 and the WWTP flow summary, through June 2015. This information updates the item from the March 12, 2015 meeting.

The City of Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY JANUARY 2015

Flow for the month of January averaged 0.976 Million Gallons per Day (MGD). Removal of suspended solids ranged from 85.0 % to 96.6 % for the month, with an average removal of 92.4 % for the month. BOD removal ranged from 81.9 % to 91.4 % for the month, with an average removal of 87.4 % for the month. There was 0.22 inches of rain for the month. 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:

During the month of January, staff continued with the process for coating and repairs to digester #1. While digester #1 is offline, digester #2 will function as the primary digester and digester #3 will serve as the secondary digester. Historically digester #3 has served as a primary digester. Activities included:

- Continued operation of the well pumps in two of the dewatering wells at the plant. The wells lower the ground water levels around digester #1 while repairs are performed upon the digester.
- Staff from Wastewater Solids Management Company demobilized on January 2, completing the cleaning and dewatering process that began on December 15.
- On January 9, staff from Earth Systems Pacific performed testing procedures on the digester. The procedures included coring the walls at five locations for compression testing, and a through visual inspection of both the interior and exterior walls of the tank.
- After receipt of the test results from Earth Systems Pacific, staff and staff from Mike Nunley and Associates will evaluate the condition of the digester and make recommendations for sandblasting and coating of the interior of the digester and any other repairs required to bring the digester back on-line.
- Plant staff continued work on repairing the piping on the heat exchanger for digester #3. Plant staff anticipate the repairs will be the same procedure as that used to repair and rehabilitate the heat exchanger on digester #2. Repairs will include piping modifications, descaling of the heat jackets, and new insulation on the heat exchanger water jackets.
- Plant staff continued to work on the piping and valving for digester #1, they replaced the bonnets on the lower circulation lines into the digester.

During the first week in January, staff postponed the chlorine contact tank until after the winter months to ensure a good weather window for the work to be completed. Staff executed a contract with the contractor, but insurance documents and logistical issues delayed project implementation. In the event the project has to be performed in the next four months, the necessary equipment and supplies are on-site, and the wwtp crew is ready whenever the weather and logistical issues allow. The work will require by-passing the chlorine contact for at most a twenty-four hour period. By-passing of the tank will result in an effluent violation and the associated minimum mandatory penalty of \$3,000. During the time period the tank is off-line, staff will chlorinate and disinfect the effluent, but will not be able to dechlorinate the effluent resulting in the violation. Both staff at the Regional Water Quality Control Board and the California Department of Health Shellfish Division has been notified of our intent to delay the repair plans and the intent to by-pass the chlorine contact tank.

On January 7, the outfall pipeline and diffuser system was inspected by Carson Porter Diving. They reported that the outfall appears to be in good condition, with no plugged or broken diffusers. They provided video of the outfall. They also replaced the bolts on the upper flanges of the diffusers.

During January, plant staff completed preparations for putting the new 2500 gallon ferrous chloride storage tank on-line. The larger tank will provide more operational flexibility and reduce shipping costs. Preparations included

purchase of a new tank, modifications to the supply and discharge piping, and modifications to the ferrous chloride containment structure.

On January 7, at 2125 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted. Staff noted that the narrow range in the alarm set points for the chlorine residual alarms was effective in prompting a quick response time.

The Bac-T set up on January 30 was not reported due to an error in the way the results were read and recorded. Lab staff inadvertently disposed of two tubes in the confirmation phase after twenty four hours and not forty-eight hours as described in the 22nd Edition of Standard Methods for Examination of Water and Wastewater. As reported the total coliform level would be an 11MPN/100ml (3-1-0 in a three row multiple fermentation technique); if the two tubes that were disposed of prematurely confirmed positive, the results would have been recorded as 30MPN/100ml (5-1-0 in a three row multiple fermentation technique).

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

- The December 2014 Monthly Monitoring Data
- The Discharge Monitoring Forms (DMR) for December 2014

On January 5, Mr. Dane Lundy, a certified Grade I Operator began work at the treatment plant. He replaces the Grade I Operator who retired in September 2014.

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

The City of Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY FEBRUARY 2015

Flow for the month of February averaged 0.983 Million Gallons per Day (MGD). Removal of suspended solids ranged from 81.7 % to 92.7 % for the month, with an average removal of 88.6 % for the month. BOD removal ranged from 72.1 % to 89.7 % for the month, with an average removal of 82.3 % for the month. There was 1.03 inches of rain for the month. 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 January, staff continued with the process for coating and repairs to digester #1. While digester #1 is offline, digester #2 will function as the primary digester and digester #3 will serve as the secondary digester. Historically digester #3 has served as a primary digester. Activities included:

- Continued operation of the well pumps in two of the dewatering wells at the plant. The wells lower the ground water levels around digester #1 while repairs are preformed upon the digester.

- Staff from Earth Systems conducted non-destructive testing of the digester tank structure on January 9. The results of those tests indicate that the concrete structure is still in satisfactory condition. Staff from Mike Nunley & Associates is currently developing a bid package for sandblasting and coating of the interior of the digester and any other repairs required to bring the digester back on-line.
- Plant staff continued work on repairing the piping on the heat exchanger for digester #3. Plant staff anticipate the repairs will be the same procedure as that used to repair and rehabilitate the heat exchanger on digester #2. Repairs will include piping modifications, descaling of the heat jackets, and new insulation on the heat exchanger water jackets.
- Plant staff continued to work on the piping and valving for digester #1. Projects include pipe replacements and modifications as well as replacing or repairing six-inch valves on the sludge transfer piping.

The chlorine contact tank equipment replacement project has been postponed until April to ensure a good weather window for the work to be completed. The work will require by-passing the chlorine contact for at most a twenty-four hour period. By-passing of the tank will result in an effluent violation and the associated minimum mandatory penalty of \$3,000. During the time period the tank is off-line, staff will chlorinate and disinfect the effluent, but will not be able to dechlorinate the effluent resulting in the violation. Both staff at the Regional Water Quality Control Board and the California Department of Health Shellfish Division has been notified of our intent to delay the repair plans and the intent to by-pass the chlorine contact tank.

On February 25, staff from Perrys Motors installed the motor for main influent pump #2 which had been removed on February 11, when plant staff discovered a problem with the pump motor. Repairs included steam cleaning, rewinding, dipping and baking, and replacing the bearings. The pump is operating as designed.

On February 4, plant staff shut down flow to the solids contact tank and secondary clarifier at 0400 hours while performing a project to remove and install a new fourteen-inch butterfly valve and associated piping on the discharge piping of biofilter effluent pump #P4505. While the flow was shut down to the interstage pumping station (location of the pump and valving), staff filled the grit chamber and primary clarifier #2 which had been drained on February 2 and February 3, respectively; this resulted in no effluent being discharged while the repairs were being performed. The plant was back on-line and flowing at approximately 0800 hours.

On February 19, plant staff shut down flow to the interstage pumping station at 0400 hours while performing a project to remove and install a new fourteen-inch butterfly valve and a new twelve-inch butterfly valve used to isolate and control the biofilter recirculation pumps. While the flow was shut down to the interstage pumping station (location of the pump and valving), staff filled the grit chamber and primary clarifier #2 which had been drained on February 17 and February 19, respectively; this resulted in no effluent being discharged while the repairs were being performed. The plant was back on-line and flowing at approximately 0800 hours.

On February 20, at 0600 hours plant staff replaced the remaining twelve-inch butterfly valve used to isolate and control the biofilter recirculation pumps. Staff was able to isolate the piping for this valve using the butterfly valves installed on February 19, thus eliminating the need to isolate flow to the interstage and drain and refill tanks.

On February 3, following a test of the auxiliary emergency generator under full load, staff from Alpha Electric installed a reconditioned spare DS-420 main utility breaker in the breaker cabinet for the auxiliary emergency generator. The existing DS-420 main utility breaker will serve as a spare main breaker. Following installation of the spare, the generator was again tested under full load to ensure proper operation of the reconditioned breaker.

On February 24, staff replaced the batteries for the emergency auxiliary generator. The batteries are on a work order for replacement every two years.

On February 17, Staff replaced and tested the high level alarm floats for primary clarifiers #1 and #2.

On February 3, staff replaced the supply and discharge side tubing and fittings on sodium hypochlorite pumps #1, #2, and #3 used for disinfection of the effluent.

The 2014 Annual Report of sludge production and disposal activities was submitted to the Environmental Protection Agency (EPA) Region IX in San Francisco on February 2. Per the instructions from EPA the report was submitted electronically. The report was also distributed to the RWQCB and San Luis Obispo County Environmental Health Agency. The report covered the amount of sludge generated and the method of disposal. Annual biosolids production for 2014 was 210.2 dry metric tons. Of the 210.2 dry metric tons produced in 2014, 174.2 dry metric tons were transported to McCarthy Family Farms, Inc., Liberty Composting Inc., facility. There are approximately 36 dry metric tons (approximately 90 cu yds.) of biosolids in storage at the Morro Bay/ Cayucos Treatment Plant at this time. All biosolids generated at the wwtp were either transported to the Liberty Composting Inc., facility or are in storage at the plant.

On February 18, 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 17, 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 13, 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.

Plant staff responded to the following alarms during the month of February:

- On February 7, at 1730 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted. Staff believes the high chlorine alarm was due to the heavy rainfall at that time.
- On February 16, at 1930 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- Staff noted that the narrow range in the alarm set points for the chlorine residual alarms was effective in prompting a quick response time.

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

- The January 2015 Monthly Monitoring Data
- The Discharge Monitoring Forms (DMR) for January 2015

On February 23, Mr. Bruce Keogh and Mr. Les Girvin attended an Ethics, Conflict of Interest, and Government Transparency Training seminar sponsored by the City of Morro Bay, and presented by Aleshire and Wynder LLP.

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

The City of Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY MARCH 2015

Flow for the month of March averaged 0.952 Million Gallons per Day (MGD). Removal of suspended solids ranged from 86.7 % to 95.6 % for the month, with an average removal of 93.2 % for the month. BOD removal ranged from 85.0 % to 92.3 % for the month, with an average removal of 89.2 % for the month. There was 0.03 inches of rain for the month. For the month of March, 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 March, staff continued with the process for coating and repairs to digester #1. While digester #1 is offline, digester #2 will function as the primary digester and digester #3 will serve as the secondary digester.

Historically digester #3 has served as a primary digester. Activities included:

- Continued operation of the well pumps in two of the dewatering wells at the plant. The wells lower the ground water levels around digester #1 while repairs are performed upon the digester.
- An Invitation to Bid for the sandblasting and coating of digester #1, project number: WWTP Digester #1 Repairs and Coating: MB-2015-WW05, was public noticed on March 22.
- Plant staff continued work on repairing the piping on the heat exchanger for digester #3. Plant staff anticipate the repairs will be the same procedure as that used to repair and rehabilitate the heat exchanger on digester #2. Repairs will include piping modifications, descaling of the heat jackets, and new insulation on the heat exchanger water jackets.
- Plant staff continued to work on the piping and valving for digester #1. Projects include pipe replacements and modifications as well as replacing or repairing six-inch valves on the sludge transfer piping.

The chlorine contact tank equipment replacement project has been postponed until April 15 to ensure a good weather window for the work to be completed. The work will require by-passing the chlorine contact for at most a twenty-four hour period. By-passing of the tank will result in an effluent violation and the associated minimum mandatory penalty of \$3,000. During the time period the tank is off-line, staff will chlorinate and disinfect the effluent, but will not be able to dechlorinate the effluent resulting in the violation. Both staff at the Regional Water Quality Control Board and the California Department of Health Shellfish Division has been notified of our intent to delay the repair plans and the intent to by-pass the chlorine contact tank.

On March 24, staff began repairs to the catwalks on primary clarifiers #2 and #1. The repairs involve removal of some badly corroded steel cross members and replacing them with new steel cross members. After the repairs have been completed, staff with Sunrise Coatings will coat the catwalks for primary clarifier #1 and #2 using an epoxy based coating system. Staff have also purchased valving and piping for repairs to the sludge and scum pump piping on the two clarifiers. Ultimately, staff anticipate performing repairs to the metal framework on the flights and skimmer cage assembly; repair and replacement of piping and valving, and other associated components. The repairs should be complete by the end of June.

On March 23, staff from Perry's Motors picked up a recently purchased Aeration Air (AA) blower and one of the existing AA Blowers and took it to their shop for installation of the new blower on the frame used to house the existing blower. They will mount and align the new blower and return it to the plant when ready for installation.

On March 30, staff from Paul Reiger Boilers arrived to begin their annual boiler inspection. They disassembled and inspected boiler #1 and discovered four plugged gas nozzles. They cleaned and reassembled the boiler and performed tests, and made adjustments as necessary to get the boiler to burn efficiently. They will perform similar work on boiler #2 during April.

On March 16, staff replaced and tested the high level alarm floats for primary clarifiers #1 and #2.

On March 2, staff replaced sodium hypochlorite dosing pump #1 with a new LMI chemical dosing pump. In addition they replaced the upper check ball housings on sodium hypochlorite pumps #2 and #3. Staff discovered that the check ball housings were worn resulting in the check balls not seating correctly on the ball seats resulting in inefficient pumping.

On March 12, staff from Alpha Electric completed the installation of a new heating unit and controls for the sodium bisulfite storage tank. The heater is required to keep the sodium bisulfite from crystalizing at lower temperatures.

On March 20, staff purchased four new hand held radios for use within the plant. The radios replace existing units that are no longer operable.

On March 5, staff submitted comments including a signed Statement of Agreement concerning the Management Plan for Commercial Shell fishing in Morro Bay to 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.

The twenty-four hour flow total reported for March 4 was based on the twenty-four hour flow totals recorded on the effluent flow meter that was adjusted using the equation contained in the Recommendations Section of the 2014 Annual Report (page 5-9). The equation is: Estimated Influent = $0.784 * \text{effluent flow value} - 0.015$. The errant flow total recorded on March 4 was due to plant staff checking the new influent screens at a simulated high flow condition. In addition plant staff tested the high influent channel alarms and verified the influent pump level settings. Staff turned off all three main influent pumps for approximately thirty minutes so the level in the influent channel increased and resulted in the influent stacking in the influent trunk line resulting in the flume surcharging and recording an erroneous flow total.

On March 4, the influent flow meter recorded a twenty-four hour flow total of 1.193 million gallons. The effluent meter recorded a twenty-four hour flow total of 1.089 million gallons. The twenty-four hour flow total for March 4 was calculated as: $0.784 * 1.089 - 0.015 = 0.839$ million gallons.

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

- The February 2015 Monthly Monitoring Data
- The Discharge Monitoring Forms (DMR) for February 2015
- The 2014 Annual Report

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

The City of Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY APRIL 2015

Flow for the month of April averaged 0.935 Million Gallons per Day (MGD). Removal of suspended solids ranged from 93.4 % to 97.3 % for the month, with an average removal of 95.3 % for the month. BOD removal ranged from 88.6 % to 91.6 % for the month, with an average removal of 89.8 % for the month. There was 0.65 inches of rain for the month. Other than normal operations and maintenance, the following items are noteworthy:

During the month of March, staff continued with the process for coating and repairs to digester #1. While digester #1 is offline, digester #2 will function as the primary digester and digester #3 will serve as the secondary digester. Historically digester #3 has served as a primary digester. Activities included:

- Continued operation of the well pumps in two of the dewatering wells at the plant. The wells lower the ground water levels around digester #1 while repairs are preformed upon the digester.
- An Invitation to Bid for the sandblasting and coating of digester #1, project number: WWTP Digester #1 Repairs and Coating: MB-2015-WW05, was public noticed on March 22. Three bids were received, with Fluid Resource Management (FRM) being the lowest responsible bid. The Council and District Board awarded a contract for the sandblasting and coating of digester #1 to FRM at their regular meetings on April 14 and 16, in the amount of \$132,000. City staff is currently working with FRM to execute a contract.
- Plant staff continued work on repairing the piping on the heat exchanger for digester #3. Repairs include piping modifications, descaling of the heat jackets, and new insulation on the heat exchanger water jackets.
- Plant staff continued to work on the piping and valving for digester #1. Projects include pipe replacements and modifications as well as replacing or repairing six-inch valves on the sludge transfer piping.

On April 20, Mr. Bruce Keogh notified Mr. Katie DiSimone of the Regional Water Quality Control Board by email that the plant had exceeded the “Maximum Daily” limitation for total chlorine residual on April 15. Plant staff had provided notice to Ms. DiSimone and Mr. Joe Christen at the California Department of Health Shellfish Division prior to the work being performed and the chlorine contact being bypassed on April 15. They were also notified by email when the work was completed on April 15 and were given notice at that time the plant had exceeded the Daily Maximum total chlorine residual limit in the permit. The total chlorine residual concentration reported for the grab sample collected at 1030 hours on April 15 was 7.2 mg/L. The “Daily Maximum” total chlorine residual limitation listed in Section IV. C2 of Order NO. R3-2008-0065 is 1.07 mg/L.

Prior to work commencing on April 15, staff drained the grit chamber and primary clarifier #2 on April 13. During the first part of the project, from 2345 hours on April 14 until 0800 hours on April 15, all influent flow was directed to these tanks. This resulted in no discharge (and thus no flow to the chlorine contact tank or outfall) from the plant while the tanks filled. From 0800 hours until 2000 hours, staff bypassed the chlorine contact tank and directed effluent to the outfall thru the bypass gate located at the west end of the chlorine contact tank structure. During this period, the effluent was disinfected but not dechlorinated. After the repair work was completed at 2013 hours, effluent was redirected into the chlorine contact tank and the tank was filled and began flowing over the weir into the outfall at 2337 hours. At that time operations returned to normal and the effluent was both disinfected and dechlorinated. During the period 0030 hours on April 14 and 0300 hours on April 15, staff pumped the contents of the chlorine contact tank to an empty sludge bed where it was dechlorinated and held prior to decanting back to the headworks after the project was completed. From 0400 hours until 2000 hours on April 15, plant staff and staff from Frost Company performed maintenance and repairs to the equipment within the chlorine contact tank. Staff from Frost Company removed and installed a new idler shaft and sprockets, and a new drive shaft and sprockets in the south chlorine contact tank. They also performed repairs to the wear strips located on the floor of the south tank. Plant staff extended the guide rails located at the west end of the north tank, installed new wear shoes on the flights in the north tank, and performed minor repairs to the wear strips located in the north tank. The new equipment is operating as designed.

Staff also drained and inspected the portion of the tank where the flash mixer and 3W pumps (plant process water) are located. They are still reviewing the results of that inspection to determine if repairs are warranted to the diffuser system located in that section of the tank.

During April, staff completed repairs to the catwalks on primary clarifiers #2 and #1. The repairs involve removal of some badly corroded steel cross members and replacing them with new steel cross members. Following the completion of the repair work, staff with Sunrise Coatings coated the catwalks for primary clarifier #1 and #2 using an epoxy based coating system. Staff also replaced the six-inch drain valve on the piping used to drain clarifier #2. Ultimately, staff anticipate performing repairs to the metal framework on the flights and skimmer cage assembly; repair and replacement of sludge and scum piping and valving, and other associated components. The repairs should be complete by the end of June.

On April 8, staff removed sump pump #2 located in the lower headworks for repairs. Staff from Perrys Motors picked the pump up and took it back to their shop for repair and maintenance.

On April 1, staff from Paul Reiger Boilers completed their annual boiler inspection. They disassembled and inspected boiler #2. They cleaned and reassembled the boiler and performed tests, and made adjustments as necessary to get the boiler to burn efficiently. As part of their inspection, they did discover and replace a faulty fan motor on the boiler.

On April 16 and 17, staff discovered and repaired a leak in the six-inch water line that supplies potable water to the plant. The leak was located in the main driveway entrance to the plant.

On April 13, staff from SLO Powerhouse performed the annual maintenance service on the plants emergency auxiliary generator. No problems were noted during the inspection and service.

On April 22, staff fabricated and installed new seal water lines for the biofilter recirculation pumps and the secondary effluent pumps.

On April 28, at 1145 hours staff drained primary clarifier #2 to retrieve a set of keys lost by an operator. The tank was refilled on April 29 at 0920 hours following retrieval of the keys.

Plant staff responded to the following alarms during the month of April:

- On April 10, at 2200 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- On April 29, at 0450 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- Staff noted that the narrow range in the alarm set points for the chlorine residual alarms was effective in prompting a quick response time.

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

- The March 2015 Monthly Monitoring Data
- The Discharge Monitoring Forms (DMR) for March 2015
- First Quarter Receiving – Water Survey, January 2015
- Semiannual Effluent Sampling Chemical and Bioassay Analysis Results, January 2015

The total suspended solids (TSS) concentration for the twenty-four hour composite sample collected on April 14 was 785 mg/L. This TSS concentration is abnormally high and upon further investigation, staff determined that the twenty-four hour composite sample was influenced by the draining of primary clarifier #2 in preparation for the chlorine contact repairs performed on April 15. Plant staff are aware of and have been counseled about the need to limit in-plant return flows from impacting the influent composite sample.

On April 13 the Morro Bay Fire Department trained on confined space entry and rescue procedures in digester #1 which is drained for cleaning and repairs.

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

The City of Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY MAY 2015

Flow for the month of May averaged 0.921 Million Gallons per Day (MGD). Removal of suspended solids ranged from 89.4 % to 93.8 % for the month, with an average removal of 91.6 % for the month. BOD removal ranged from 84.9 % to 87.8 % for the month, with an average removal of 86.8 % for the month. There was 0.03 inches of rain for the month. For the month of May, 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 May, staff continued with the process for coating the interior of digester #1 and repairs to piping and valving on the sludge transfer system. While digester #1 is offline, digester #2 will function as the primary digester and digester #3 will serve as the secondary digester. Historically digester #3 has served as a primary digester. Activities included:

- Continued operation of the well pumps in two of the dewatering wells at the plant. The wells lower the ground water levels around digester #1 while repairs are preformed upon the digester.
- On May 26, Fluid Resource Management (FRM) began the sandblasting and coating project on digester #1. The project work schedule calls for the work to be completed by July 3. Staff is anticipating putting digester #1 back online in late July.
- Plant staff completed work on the repairs to the piping on the heat exchanger for digester #3. Repairs include piping modifications, and descaling of the heat jackets. Plant staff are still coordinating with the insulation contractor to have new insulation installed on the heat exchanger water jackets.
- Plant staff continued to work on the piping and valving for digester #1. Projects include pipe replacements and modifications as well as replacing or repairing six-inch valves on the sludge transfer piping.

On May 5, staff drained primary clarifier #2 for repairs to the metal framework on the flights and skimmer cage assembly. The clarifier was offline until May 8 when it was refilled and operational at approximately 1630 hours. While the tank was offline, plant staff made repairs to or replaced the metal arm used as the scum collector, the steel post used to support the skimmer assembly, and other minor repairs to ensure operational viability. This work was done as part of the primary clarifier rehabilitation and repair project that has been on-going for the past two months. On May 22 and 23, staff began making preparations for repairs or replacement of piping and valving on the scum pumps and expect to complete that work in the month of June.

On May 13, staff from Perry's Motors completed the installation of the recently purchased Aeration Air (AA) blower. The new AA blower will replace existing AA blower B5111. Staff at Perrys mounted and aligned the new blower on the existing mounting frame, and the blower was placed on-line. On May 28, staff noticed the blower had a slight noise, and staff from Perrys Motors performed diagnostic testing on the blower, they greased the bearings and no further issues have been noted.

On May 25, staff adjusted the packing on grit pumps #1 and #2 and the sludge recirculation pump on digester #2.

On May 26, plant staff received a letter from the State Water Resources Control Board confirming that the Morro Bay Cayucos Wastewater Treatment Plant Laboratory, Certificate 1530 had been recertified through May 31, 2017. The letter states, *"This is to advise you that the laboratory named above has been certified as an environmental testing laboratory pursuant to the provisions of the Health and Safety Code (HSC, Division 101, Part 1, Chapter 4, Section 100825, et seq.)"*

On April 22, staff fabricated and installed new seal water lines for the biofilter recirculation pumps and the secondary effluent pumps.

On May 5, staff installed a new device for placing and holding the suction tubing for the twenty four hour influent composite sampler. The new arrangements allow the suction tubing to be placed in a location to ensure a representative influent composite sample. The installation of the new headworks screens allows more operational flexibility and allows staff to use either one or both influent channels to be utilized necessitating the need to be able to move the suction tube to accurately pull a sample. The previous arrangement with the muffin monster mandated that the south influent channel be the primary sampling location.

Plant staff responded to the following alarms during the month of May:

- On May 3, at 1630 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- On May 3, at 1930 hours, staff responded to a low chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They discovered that the residual paced hypochlorite pump had been left in the off position during the response to the high chlorine alarm earlier that day. They performed a detailed inspection and no other problems were noted.
- On May 4, at 2230 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- On May 6, at 2345 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- On May 8, at 1645 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted. Staff believes that the refilling of primary clarifier #2 may have influenced the chlorine residual. When the clarifier fills and effluent starts to flow over the weirs it can potentially impact the flow to the chlorine contact tank resulting in a high residual alarm.
- Staff noted that the narrow range in the alarm set points for the chlorine residual alarms was effective in prompting a quick response time.

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

- The April 2015 Monthly Monitoring Data
- The Discharge Monitoring Forms (DMR) for April 2015

On May 19, Mr. Bruce Keogh, Mr. Dane Lundy, Mr. David Bierman, and Mr. Nez Chavira attended a First Aid CPR AED class sponsored by OC CPR Training.

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

The City of Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant

MONTHLY OPERATIONS SUMMARY

JUNE 2015

Flow for the month of June averaged 0.974 Million Gallons per Day (MGD). Removal of suspended solids ranged from 80.7 % to 93.9 % for the month, with an average removal of 89.8 % for the month. BOD removal ranged from 79.8 % to 89.4 % for the month, with an average removal of 85.6 % for the month. There was no rain for the month. For the month of June, 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 June, staff continued with the process for coating the interior of digester #1 and repairs to piping and valving on the sludge transfer system. While digester #1 is offline, digester #2 will function as the primary digester and digester #3 will serve as the secondary digester. Historically digester #3 has served as a primary digester. Activities included:

- Continued operation of the well pumps in two of the dewatering wells at the plant. The wells lower the ground water levels around digester #1 while repairs are preformed upon the digester.
- During the month of June, Fluid Resource Management (FRM) substantially completed the sandblasting and coating project on digester #1. They still have a small punch list of items to complete and should be in compliance with the project work schedule which calls for the work to be completed by July 3. Staff is anticipating putting digester #1 back online in late July.
- Plant staff completed work on the repairs to the piping on the heat exchanger for digester #3. Repairs include piping modifications, and descaling of the heat jackets. Plant staff are still coordinating with the insulation contractor to have new insulation installed on the heat exchanger water jackets.
- Plant staff completed the piping and valving repair and replacement project for digester #1. Projects included pipe replacements and modifications as well as replacement or repair of the six-inch valves on the sludge transfer piping.

During the first two weeks of June, plant staff noted potential issues with the disinfection process. They noted an increase in positive results on the BacT's used to monitor total coliform within the effluent. Results ranged from 2 to 130 MPN/100ml. The NPDES permit requirement is the total coliform bacteria in the effluent shall not exceed a 30 day median of 23MPN/100ml and a maximum of 2400 MPN/100 ml. On June 18 they drained the chlorine contact tank at 0200 hours by pumping the content of the tank to a sludge bed. They discovered an abnormal amount of solids accumulation on the floor of the two contact chambers, and they used a high pressure hose to wash down the tanks back to the headworks. Staff believes that the solids accumulation within the tank was contributing to the elevated BacT results. They filled the tank and normal operations were resumed at approximately 0840 hours. The BacT results for the remainder of June were low and reflected past historical operational levels. Results ranged from <2 to

2 MPN/100ml, the median coliform value reported for the month of June was 6 MPN/100ml, with a daily maximum of 130 MPN/100ml. Staff is trying to determine if the repairs conducted in April to the flights and sprockets within the chlorine contact chamber is a contributing factor to the solids accumulation noted within the tank. While the tank was being drained, staff turned off the influent pumps allowing water to stack (be stored) in the influent trunk line that feeds the plant, so that no water was discharged during this time period. This resulted in the influent meter surcharging and providing an erroneous influent flow total. The twenty-four flow total reported for June 18 was corrected per the discussion below.

During the month of June, staff performed repairs to valving and piping on the primary scum and primary sludge pumps. Repairs included installation of new six inch valves on the discharge side of the sludge and scum pumps. The supply and discharge piping on the scum pumps was removed and replaced with new six inch piping. The existing piping was badly corroded and in need of replacement.

On June 5 staff installed new six and eight inch piping on the grit dewatering system that provides flow to the grit cyclones and grit dewatering unit from the grit pumps. Staff had removed the piping on June 1, and shipped it to Paso Robles Welding for fabrication of new piping. The existing piping was badly corroded and in need of replacement.

On June 10, staff installed headworks sump pump #P2212 in the lower headworks. The pump was pulled on April 8 and taken to Perrys Motors for maintenance and repairs.

On June 23, staff fabricated and installed new above ground seal water lines for the secondary effluent pumps. The existing piping was extremely corroded where they penetrated the concrete slab and were beginning to leak.

On June 25, plant staff inspected the flapper gate on the plant storm drain that drains to Morro Creek. The gate was clear of debris and operational.

On June 11, staff from North County Backflow repaired the backflow device on the 4" water line entering the plant. The backflow device had a small amount of debris on the valve seat resulting in a minor leak.

On June 1, staff received notice that they had received acceptable results on Water Pollution Proficiency Testing Study WP-243. Participation in a Water Pollution Proficiency Testing Study is an annual requirement of laboratories certified by the State of California Environmental Lab Accreditation Program (ELAP) and is sponsored by the State Water Resources Control Board and the USEPA.

On June 14, staff discovered a large rag in influent bar screen #1, the rag plugged the screen causing water to stack in the influent trunk line. This resulted in the influent flow meter surcharging and providing an erroneous influent flow total. Staff removed the rag and the screen returned to normal operations. The twenty-four hour flow total reported for June 14 was corrected per the discussion below.

The twenty-four hour flow totals reported for June 14 and June 18 are based on the twenty-four hour flow totals recorded on the effluent flow meter that was adjusted using the equation contained in the Recommendations Section of the 2014 Annual Report (page 5-9). The equation is: Estimated Influent = $0.784 * \text{effluent flow value} - 0.015$.

The errant flow total recorded on June 14 was due to a large rag in influent screen #1 that resulted in a high level in the influent channel resulting in the flume surcharging and recording an erroneous flow total.

On June 14, the influent flow meter recorded a twenty-four hour flow total of 1.509 million gallons. The effluent meter recorded a twenty-four hour flow total of 1.304 million gallons. The twenty-four hour flow total for June 14 was calculated as: $0.784 * 1.304 - 0.015 = 1.007$ million gallons.

The errant flow total recorded on June 18 was due to plant staff shutting down the three main influent pumps while the chlorine contact tank was pumped to a sludge drying bed so that staff could inspect the chlorine contact tank. A description of that work is included above. Shutting down the three main influent pumps resulted in a high level in the influent channel resulting in the flume surcharging and recording an erroneous flow total.

On June 18, the influent flow meter recorded a twenty-four hour flow total of 2.135 million gallons. The effluent meter recorded a twenty-four hour flow total of 1.125 million gallons. The twenty-four hour flow total for June 18 was calculated as: $0.784 * 1.125 - 0.015 = 0.867$ million gallons.

Plant staff responded to the following alarms during the month of June:

- On June 2, at 2245 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They made minor adjustments to the flow paced sodium hypochlorite dosing pump. They performed a detailed inspection and no other problems were noted.
- On June 3, at 2035 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- On June 4, at 0050 hours, staff responded to a high chlorine residual alarm at the plant. They inspected the dosing pumps and calibrated the chlorine residual analyzers. They performed a detailed inspection and no other problems were noted.
- Staff noted that the narrow range in the alarm set points for the chlorine residual alarms was effective in prompting a quick response time.

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

- The May 2015 Monthly Monitoring Data
- The Discharge Monitoring Forms (DMR) for May 2015

On June 17, Mr. Bruce Keogh, Mr. Rob Livick, and Mr. Robert Enns, gave presentations at the Scenic Coast Association of Realtors Bimonthly Education Meeting held in Morro Bay. The presentation included a summary of the progress on the new water reclamation facilities currently under consideration by both the City and the District 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 County wide pharmaceutical take back program, proper disposal of FOG, collection system do's and dont's, information on the household hazardous waste facility at the plant, and the lateral inspection program.

On June 16, Mr. Dane Lundy, Mr. David Bierman, Mr. Steve Aschenbrener and Mr. Neza Chavira attended a Confined Space Entry class sponsored by California Rural Water Association.

On June 18, Mr. Dane Lundy, Mr. John Gunderlock, and Mr. Neza Chavira attended the California Water Environment Association Tri-County Seminar hosted at the El Estero WWTP.

On June 23, 24, and 25, Mr. Bruce Keogh attended the Public Works Academy sponsored by the California Joint Powers Insurance Authority (CJPIA).

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

2013	Total Plant Flow		Cayucos Flow Total			Morro Bay Flow Total			# of days	Dates
	Total Flow	Daily Flow	Total Flow	Daily Flow	%	Total Flow	Daily Flow	%		
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	30.827	0.994	7.341	0.237	23.8%	23.486	0.758	76.2%	31	March 1 - 31, 2013
APR	28.201	0.940	7.122	0.237	25.3%	21.079	0.703	74.7%	30	April 1 - April 30, 2013
MAY	28.627	0.923	6.310	0.204	22.0%	22.317	0.720	78.0%	31	May 1 - 31, 2013
JUNE	29.489	0.983	6.493	0.216	22.0%	22.996	0.767	78.0%	30	June 1-30, 2013
JULY	34.606	1.116	10.289	0.332	29.7%	24.317	0.784	70.3%	31	July 1-31, 2013
AUG	30.808	0.994	8.119	0.262	26.4%	22.689	0.732	73.6%	31	August 1-31, 2013
SEPT	27.756	0.925	6.769	0.226	24.4%	20.987	0.700	75.6%	30	September 1-30, 2013
OCT	27.480	0.886	6.529	0.211	23.8%	20.951	0.676	76.2%	31	October 1-31, 2013
NOV	27.351	0.912	6.628	0.221	24.2%	20.723	0.691	75.8%	30	November 1-30, 2013
DEC	27.685	0.893	6.340	0.205	22.9%	21.345	0.689	77.1%	31	December 1-31, 2013
ANNUAL AVERAGES	29.365	0.963	7.209	0.236	24.4%	22.155	0.726	75.6%		
2014	Total Flow	Daily Flow	Total Flow	Daily Flow	%	Total Flow	Daily Flow	%	# of days	Dates
JAN	27.535	0.888	6.380	0.206	23.2%	21.155	0.682	76.8%	31	Jan 1-Jan 31, 2014
FEB	25.884	0.893	6.560	0.226	25.3%	19.324	0.666	74.7%	29	Feb 1-Feb 29, 2014
MAR	27.825	0.898	7.020	0.226	25.2%	20.805	0.671	74.8%	31	March 1 - 31, 2014
APR	27.489	0.916	6.733	0.224	24.5%	20.756	0.692	75.5%	30	April 1 - April 30, 2014
MAY	28.532	0.920	6.369	0.205	22.3%	22.163	0.715	77.7%	31	May 1 - 31, 2014
JUNE	29.581	0.986	6.520	0.217	22.0%	23.061	0.769	78.0%	30	June 1-30, 2014
JULY	34.093	1.100	8.565	0.276	25.1%	25.528	0.823	74.9%	31	July 1-31, 2014
AUG	28.821	0.930	6.987	0.225	24.2%	21.834	0.704	75.8%	31	August 1-31, 2014
SEPT	25.770	0.859	5.546	0.185	21.5%	20.224	0.674	78.5%	30	September 1-30, 2014
OCT	25.543	0.824	5.665	0.183	22.2%	19.878	0.641	77.8%	31	October 1-31, 2014
NOV	28.042	0.935	5.728	0.191	20.4%	22.314	0.744	79.6%	30	November 1-30, 2014
DEC	32.795	1.058	7.740	0.250	23.6%	25.055	0.808	76.4%	31	December 1-31, 2014
ANNUAL AVERAGES	28.493	0.934	6.651	0.218	23.3%	21.841	0.716	76.7%		
2015	Total Flow	Daily Flow	Total Flow	Daily Flow	%	Total Flow	Daily Flow	%	# of days	Dates
JAN	30.242	0.976	6.137	0.198	20.3%	24.105	0.778	79.7%	31	Jan 1-Jan 31, 2015
FEB	27.533	0.949	5.758	0.199	20.9%	21.775	0.751	79.1%	29	Feb 1-Feb 29, 2015
MAR	29.511	0.952	5.808	0.187	19.7%	23.703	0.765	80.3%	31	March 1 - 31, 2015
APR	28.041	0.935	5.554	0.185	19.8%	22.487	0.750	80.2%	30	April 1 - April 30, 2015
MAY	28.553	0.921	5.575	0.180	19.5%	22.978	0.741	80.5%	31	May 1 - 31, 2015
JUNE	29.205	0.974	5.656	0.189	19.4%	23.549	0.785	80.6%	30	June 1-30, 2015
JULY		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	July 1-31, 2015
AUG		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	August 1-31, 2015
SEPT		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	30	September 1-30, 2015
OCT		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	October 1-31, 2015
NOV		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	30	November 1-30, 2015
DEC		0.000		0.000	#DIV/0!	0.000	0.000	#DIV/0!	31	December 1-31, 2015

STAFF REPORT

**CITY OF MORRO BAY-CAYUCOS SANITARY DISTRICT
WASTEWATER TREATMENT PLANT (WWTP)**

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

FROM: Bruce Keogh, Morro Bay Wastewater Division Manager

DATE: September 3, 2015

SUBJECT:

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

RECOMMENDATION:

Morro Bay and Cayucos Sanitary District staffs recommend this report be received and filed.

FISCAL IMPACT:

The City and District approved a FY 15/16 MMRP budget of \$465,000 which includes \$200,000 in funding for new MMRP projects, and carrying over \$265,000 to complete projects funded but not completed in FY 14/15, for a grand total of \$465,000.

This report includes a table that provides the MMRP budget and actual expenditures for each of the fiscal years 13/14, 14/15, and 15/16. Expenditures for MMRP projects to date have totaled \$1.226 million. The difference between fiscal year MMRP project budgets and expenditures is related to projects carrying over multiple fiscal years and budget being carried over from fiscal year to fiscal year, as well as project budgets being reduced (chlorine contact improvement project) and projects being completed for less than estimated costs. For example, the MMRP budget for FY 13/14 contained \$500k for the purchase and installation of influent screens; the screening project was not completed until FY14/15, and the budget from FY13/14 was carried over to FY14/15 to cover project expenses.

Adopted MMRP Projects by Fiscal Year	Adopted Budget	Actual Cost	Project Status
FY13/14			
Influent Screening Project	500,000	0	
Clean, Coat, and Repair Digester #2	250,000	253,312	Completed July 2014 Carried Over to FY 14/15
Chlorine Contact Tank Improvements	200,000	0	
Interstage Pump and Valve Project	50,000	46,759	Completed April 2014
Reconditioning of the Chlorine Building	40,000	28,459	Completed June 2014
Total for FY 13/14	1,040,000	328,530	

	Adopted Budget	Actual Cost	Project Status
<u>FY 14/15</u>			
Influent Screening Project Carryover from FY13/14	550,000	502,106	Completed October 2014
Clean, Coat, and Repair Digester #1	331,000	301,946	Completed July 2015
Primary Clarifier Rehabilitation	50,000	35,551	Completed June 2015
Biofilter Arms and Biofilter Improvements	215,000	0	Carried Over to FY 15/16
Chlorine Contact Tank Improvements			
Carryover from FY13/14 – scope reduced	75,000	57,144	Completed April 2015
Total for FY14/15	1,221,000	896,747	
<u>FY 15/16</u>			
Clean, Coat, and Repair Digester #1 Carryover	50,000	0	
Metering Vault and Valve Replacement	125,000	0	Planning Process
Secondary Clarifier Rehabilitation	75,000	0	Planning process
Biofilter Arms and Biofilter Improvements			
Carryover	215,000	0	Planning process
Total for FY 15/16	465,000	0	
Total MMRP Project Expenses		1,225,277	

BACKGROUND

This staff report is intended to provide an update on the development and implementation of the MMRP for the WWTP since the April 30, 2015 JPA meeting.

Development of an MMRP has and will continue to assist the City and District in projecting the budgeting of expenditures required to keep the current plant operational and in compliance with regulatory requirements.

Staff's focus has been on developing and implementing work plans for the MMRP projects approved for the FY15/16 budget. The FY 15/16 budget for MMRP projects was adopted by the City and District at their regular meetings on June 9 and 18, respectively. The goal in developing the budget for the MMRP is to recognize the goal to have the new WRF operational during the life of the next NPDES operational permit. This goal will insure prudent spending on this facility and still maintain the high quality effluent that is discharged to the Estero Bay.

DISCUSSION

Digester #1 Repair

An Invitation to Bid for the sandblasting and coating of digester #1, project number: WWTP Digester #1 Repairs and Coating: MB-2015-WW05, was public noticed on March 22. Three bids were received, with Fluid Resource Management (FRM) being the lowest responsible bid. The Council and District Board awarded a contract for the sandblasting and coating of digester #1 to FRM at their regular meetings on April 14 and 16, in the amount of \$132,000. Work began on May 26 with FRM

mobilizing their equipment on-site. FRM completed the interior coating project during the first week in July.

Plant staff completed the repair and replacement projects for the valving and piping on digesters #1 and #3. Plant staff completed final preparations for bringing digester #1 back on-line on August 17, and the digester is back on-line and operating as a functional secondary digester.

Chlorine Contact Basin Improvements

The repairs to the chlorine contact basin were completed on Wednesday April 15. The project started at 12:01 am on Wednesday April 15, and the work was complete and plant operations were back to normal at approximately 830 pm on the 15th. Work included replacement of the drive and idler shafts and new sprockets in the south contact chamber, a new guiderail in the north contact chamber, and repairs to the wear strips on the tank floor. Staff also drained and inspected the portion of the tank where the flash mixer and 3W pumps (plant process water) are located. They are still reviewing the results of that inspection to determine if repairs are warranted to the diffuser system located in that section of the tank. The work did require by-passing of the chlorine contact tank while the repairs were performed from 8 am to 830 pm. During the by-pass period, the effluent was chlorinated and disinfected, but was not dechlorinated as required by the NPDES permit. By-passing of the tank resulted in a violation of the total chlorine daily maximum residual limit of 1.07 mg/L. The effluent value for total chlorine residual reported to Regional Water Quality Control Board (RWQCB) staff for April 15 was 7.2 mg/L. The violation of the total chlorine daily maximum residual limit is an effluent violation and will result in a minimum mandatory penalty of \$3,000. Both staff at the RWQCB and the California Department of Health Shellfish Division were notified prior to the work beginning and after the work was completed and plant operations returned to normal. Staff also followed up with an email to RWQCB staff informing them of the project details and the violation of the NPDES permit for total chlorine daily maximum residual limit. Further information was included when the April Monthly Operations Summary was submitted to the RWQCB. To date, staff has not received any feedback from the RWQCB staff concerning the violation of the total chlorine residual limit.

During the month of June and July staff has noted an issue with the chlorine contact tank and an increased accumulation of solids on the floor of the two contact chambers. They drained the tank in both June and July to wash down the tank and investigate potential solutions to the issues noted.

Rehabilitation of primary clarifier #2 and #1

Staff completed repairs to the catwalks on primary clarifier #2 and #1. The repairs entailed removal of some badly corroded steel cross members and replacing them with new steel cross members. Staff with Sunrise Coatings coated the catwalks for primary clarifier #1 and #2 using an epoxy based coating system.

Staff also completed repairs to the metal framework on the flights and skimmer cage assembly on primary #2. The repairs entailed removal of some badly corroded steel cross members and replacing them with new steel cross members. Plant staff should be commended for their hard work, fabricating prowess, and creative approach to completing the repairs in a cost effective and timely manner. Staff also purchased and installed new valving and piping on the sludge and scum pump valving and piping systems for the two clarifiers. This was the last of the projects outlined for the primary clarifier rehabilitation project.

FY 15/16 Approved MMRP Projects

Metering Vault Removal and Blending Valve Replacement Project:

City staff is working with staff at Mike Nunley Associates (MKN) to develop and public notice a bid

package for this project. Staff anticipates public notice of the bid package in September, and review of bids and award of contract in October.

Rehabilitation of the Secondary Clarifier:

Staff is in the process of developing a work plan for the needed repairs. The project includes repairs to the catwalk, repairs to the metal framework on the flights and skimmer cage assembly, repair and replacement of piping and valving, and other associated work. Staff will rely on their recent experience performing repairs on the primary clarifiers to refine the work schedule and process.

Purchase and Installation of New Distributor Arms and Biofilter Improvement Project:

Staff will be working with City Public Works Engineering staff and MKN for the purchase and installation of new distributor arms on biofilter #2 and replacement of the main bearing on the turntable. These units are a critical component of the secondary treatment system.

Flood Control Measures at the Biofilters and Interstage Pumping Station:

Staff is working with City Public Works Engineering staff on the design and installation of cost effective flood control measures around the periphery of the two biofilters and interstage pumps to prevent inundation during a flooding event in accordance with the requirements of the existing and anticipated NPDES permit.

CONCLUSION

Staff will continue to bring a status report on the development of the MMRP at future joint Council and District Board meetings.

STAFF REPORT

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

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

from: Susan Slayton, Administrative Services Director

date: September 1, 2015

subject: FY 2013/14 WWTP Audit

recommendation:
Accept the WWTP audit report.

fiscal impact:
None

summary:
The MB/CSD Wastewater Treatment Plant's 2013/14 audit report is attached. Our auditor, Bob Crosby, is in attendance to present the audit report and answer any questions.

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

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

**For the Year Ended
June 30, 2014**

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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Independent Auditor's Report

Governing Bodies

Morro Bay-Cayucos Wastewater Treatment Plant (Joint Powers Agreement)
Morro Bay, California 93442

Report on the Financial Statements

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, 2014, which collectively comprise the organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the business-type activities of the Joint Powers Agreement, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *i* through *ii*, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Morro Bay-Cayucos Wastewater Treatment Plant basic financial statements. The schedule of member balance due accounts on page 9 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. I have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CROSBY COMPANY
Certified Public Accountant
San Luis Obispo, California

November 10, 2014

2nd Draft

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
MANAGEMENT DISCUSSION AND ANALYSIS
 Fiscal Year Ending June 30, 2014

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, 2014. 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 position; 2) statements of revenues, expenses and changes in net position; 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 position as of the fiscal years ending June 30, 2014, with comparative information for June 30, 2013:

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

Current and other assets	\$	276	\$	130
Capital assets, net		1,122		900
Total assets		1,398		1,030
Accounts payable		196		52
Other liabilities		80		78
Total liabilities		276		130
Net position:				
Invested in capital assets, net of related debt		1,122		900
Unrestricted		-		-
Total net position		\$ 1,122		\$ 900

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

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
MANAGEMENT DISCUSSION AND ANALYSIS
 Fiscal Year Ending June 30, 2014

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

	<u>2014</u>	<u>2013</u>
Charges for services	\$ 2,691	\$ 2,079
Plant operations	<u>(3,158)</u>	<u>(2,543)</u>
Increase (decrease) in net position	(467)	(464)
Plan check	1	
Loss on disposal of assets	(46)	(2,229)
Non-operating transfers	<u>735</u>	<u>139</u>
Change in net position	<u>222</u>	<u>(2,554)</u>
Net position - July 1	<u>900</u>	<u>3,454</u>
Net position - June 30	<u>\$ 1,122</u>	<u>\$ 900</u>

Capital assets. The Treatment Plant's investment in capital assets as of June 30, 2014 amounts to \$1,122,210 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>2014</u>	<u>2013</u>
Plant	12,764	12,764
Machinery and equipment	1,500	1,500
Vehicles	65	65
Construction in progress	721	33
Less accumulated depreciation	<u>(13,928)</u>	<u>(13,462)</u>
Net capital assets	<u>\$ 1,122</u>	<u>\$ 900</u>

Additional information on capital assets can be found in Note 5 on page 6.

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 4 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.

MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
STATEMENTS OF NET POSTION
PROPRIETARY FUNDS
As of June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

ASSETS	<u>2014</u>	<u>2013</u>
<i>Current assets:</i>		
Accounts receivable	\$ 26,717	\$ 8,150
Due from members	237,406	109,857
Prepaid expenses	11,419	11,975
Total current assets	275,542	129,982
<i>Noncurrent assets:</i>		
Capital assets		
Construction in progress	721,626	33,742
Plant	12,764,471	12,764,471
Machinery and equipment	1,499,740	1,499,740
Vehicles	64,517	64,517
Less accumulated depreciation	(13,928,144)	(13,462,065)
Total noncurrent assets	1,122,210	900,405
Total assets	\$ 1,397,752	\$ 1,030,387
LIABILITIES AND NET POSITION		
<i>Current liabilities:</i>		
Accounts payable	\$ 196,136	\$ 52,472
Accrued liabilities	79,406	72,115
Deferred revenue		5,395
Total liabilities	\$ 275,542	\$ 129,982
<i>Net position:</i>		
Invested in capital assets	\$ 1,122,210	\$ 900,405
Total net position	\$ 1,122,210	\$ 900,405

The accompanying notes are an integral part of these financial statements

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

For the Year Ended June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Allocated revenues:		
Revenue	\$ 2,691,389	\$ 2,078,975
Total allocated revenue	2,691,389	2,078,975
Allocated expenses:		
Salaries	527,799	512,042
Employee costs	296,927	289,768
Allocated costs	67,244	61,038
Operating supplies	500,636	324,812
Depreciation	466,079	485,125
Repairs and maintenance	203,452	156,364
Contractual services	313,108	239,161
Professional development	1,943	3,881
Professional services	340,706	71,776
Communications	2,748	2,346
Utilities/waste disposal	192,072	162,026
Insurance	220,187	215,296
Licenses, fees and permits	25,567	19,751
Total allocated expenses	3,158,468	2,543,386
Operating loss	(467,079)	(464,411)
Miscellaneous revenues/member transfers		
Plan check	1,000	
Gain on disposal of equipment		6,835
Loss on disposal of construction in progress	(46,845)	
Member transfers - capitalized costs	734,729	139,084
Total miscellaneous revenues/member transfers	688,884	145,919
Changes in net position before extraordinary item:	221,805	(318,492)
Extraordinary item:		
Loss on disposal of construction in progress		(2,235,193)
Changes in net position after extraordinary event:	221,805	(2,553,685)
Net position-beginning:	900,405	3,454,090
Net position-ending:	\$ 1,122,210	\$ 900,405

The accompanying notes are an integral part of these financial statements

**MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
<i>Cash flows from operating activities:</i>		
Cash received from allocated revenue	\$ 2,672,822	\$ 2,182,170
Payments to employees	(528,391)	(505,407)
Other payments	(2,145,431)	(1,656,049)
Net cash provided (used) by operating activities	(1,000)	20,714
<i>Cash flows from capital and related financing activities:</i>		
Acquisition and construction of capital assets	(734,729)	(167,768)
Proceeds from sale of equipment		7,970
Net cash used by capital and related financing activities	(734,729)	(159,798)
<i>Cash flows from non-capital and related financing activities:</i>		
Sale of plans/specifications	1,000	
Member transfers - capitalized costs	734,729	139,084
Net cash provided by non-capital and related financing activities	735,729	139,084
<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	\$ (467,079)	\$ (464,411)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	466,079	485,125
Net changes in assets and liabilities		
Accounts receivable	(18,567)	103,195
Due from members	(127,549)	(78,528)
Prepaid expense	556	(1,024)
Accounts payable	143,664	(32,348)
Accrued liabilities	7,291	8,323
Deferred revenue	(5,395)	382
Net cash provided (used) by operating activities	\$ (1,000)	\$ 20,714

The accompanying notes are an integral part of these financial statements

**MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

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 position 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, 2014

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, 2014**

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 position 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/(TO) MEMBERS

Amounts due from/(to) Members at June 30, 2014, are as follows:

Members

City of Morro Bay	\$	(71,509)
Cayucos Sanitary District		<u>308,915</u>
 Total	 \$	 <u>237,406</u>

NOTE 5: CAPITAL ASSETS

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

<u>Capital Assets</u>	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Non-depreciable capital assets				
Construction in progress	\$ <u>33,742</u>	\$ <u>734,729</u>	\$ <u>(46,845)</u>	\$ <u>721,626</u>
Total non-depreciable Capital assets	<u>33,742</u>	<u>734,729</u>	<u>(46,845)</u>	<u>721,626</u>
Depreciable capital assets				
Plant	12,764,471			12,764,471
Machinery and Equipment	1,499,740			1,499,740
Vehicles	<u>64,517</u>			<u>64,517</u>
Total depreciable capital assets	14,328,728			14,328,728
Less accumulated depreciation	<u>(13,462,065)</u>	<u>(466,079)</u>		<u>(13,928,144)</u>
Net depreciable capital assets	<u>866,663</u>	<u>(466,079)</u>		<u>400,584</u>
Capital assets, net	\$ <u>900,405</u>	\$ <u>268,650</u>	\$ <u>(46,845)</u>	\$ <u>1,122,210</u>

Depreciation expense was \$466,079 for the year ending June 30, 2014.

See Independent Auditor's Report

**MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT
JOINT POWERS AGREEMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

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, 2013, from which the summarized information was derived.

NOTE 7: EXTRAORDINARY ITEM

The financial statements indicate an extraordinary item involving a loss on the disposal of a construction in progress project. This loss was due to the denial of the wastewater treatment plant project upgrade. The California Coastal Commission denied the project in January 2013, resulting in a loss to the Joint Powers Agreement of \$2,235,193.

NOTE 8: STATEMENT OF NET POSITION

The District adopted GASB Statement No.63, *Financial Reporting of Deferred outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of June 30, 2013, which changed the Statement of Net Assets to the Statement of Net Position and provides guidance for reporting deferred outflows and inflows of resources. The adoption of this did not have any financial impact on the financial statements.

SUPPLEMENTAL INFORMATION

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

SCHEDULE OF MEMBER BALANCE DUE ACCOUNTS

For the Period July 1, 2013 through June 30, 2014

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, 2013 through June 30, 2014 are presented below. Capital and other costs are allocated based on the contractual percentage.

	City of <u>Morro Bay</u>	Cayucos Sanitary District	Total	City of <u>Morro Bay</u>	Cayucos Sanitary District	Total
<u>Balance due from members at June 30, 2013</u>				\$ (31,045)	\$ 140,902	\$ 109,857
<u>Operating Expenditures</u>						
July 1 - September 30, 2013	72.98%	27.02%	100%	287,857	106,592	394,449
October 1 - December 31, 2013	76.37%	23.63%	100%	570,133	176,407	746,540
January 1 - March 31, 2014	75.43%	24.57%	100%	384,379	125,205	509,584
April 1 - June 30, 2014	77.08%	22.92%	100%	617,819	183,711	801,530
Subtotal of operating expenditures	75.86%	24.14%	100%	1,860,188	591,915	2,452,103
<u>Capital Costs</u>						
100% Allocated to Morro Bay	100%			238,900		238,900
Labor costs not allocated	100%			386		386
Subtotal of capital costs				239,286	-	239,286
Total allocated expenses July 1, 2013 through June 30, 2014				2,099,474	591,915	2,691,389
Amounts reimbursed July 1, 2013 through June 30, 2014				(2,139,938)	(423,902)	(2,563,840)
Total amount allocated June 1, 2013 through June 30, 2014				(40,464)	168,013	127,549
<u>Balance due from (to) members at June 30, 2014</u>				\$ (71,509)	\$ 308,915	\$ 237,406

2nd Draft

STAFF REPORT

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

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

From: Susan Slayton, Administrative Services Director

Date: September 1, 2015

Subject: Review of Request for Proposal (RFP) Responses for Auditing Services, and Award of Contract for Auditing Services for the 2014/15 – 2016/2017 Fiscal Years to include Two, One Year Renewal Options

RECOMMENDATION

The Morro Bay City Council (Council) and Cayucos Sanitary District Board of Directors (Board) review the RFP responses, and award the audit contract for the 2014/15 – 2016/17 fiscal years, with the potential to audit through FY 2018/19, to the lowest responsive and responsible bidder, Crosby Company.

ALTERNATIVE

1. Award the contract to Glenn Burdette Attest Corporation, who is not the lowest responsive and responsible bidder, due to the Council's and Board's wishes to have a new firm, reviewing the financials of the jointly-owned wastewater treatment plant.
2. Reject the two bids, and resend the RFP for Auditing Services.

SUMMARY

The current audit contract with Crosby Company expired with the completion of the 2013/14 fiscal year audit. City staff, in collaboration with the Cayucos Sanitary District (CSD), sent out an RFP for Auditing Services, receiving two responses: Crosby Company and Glenn Burdette Attest Corporation. The Council and Board are asked to review these proposals, and award a contract for auditing services for the 2014/15 – 2016/17 fiscal years, with the potential of an extension through fiscal year 2018/19.

FISCAL IMPACT

Crosby Company: \$6,000 per year, including the two potential extensions.

Glenn Burdette Attest Corp.: 2014/15 = \$8,250; 2015/16 = \$8,400; 2016/17 = \$8,550; the quote on the two potential extensions are 2017/18 = \$8,700; 2018/19 = \$8,875

DISCUSSION

Per Council and Board direction at the 9/11/14 meeting, City staff and CSD staff began collaborating on an RFP for Auditing Services. The final RFP was issued on August 3, 2015, and closed on August 31, 2015 at 5pm. Two responses were received:

1. Crosby Company; and
2. Glenn Burdette Attest Corporation

Both firms are local, and meet the RFP specifications.

Crosby Company will perform the audits for \$6,000 per year for all three audit years plus the two extensions. Glenn Burdette Attest Corporation will perform the audits based on the following cost schedule:

1. 2014/15 = \$8,250;
2. 2015/16 = \$8,400;
3. 2016/17 = \$8,550;
4. Extension #1 for 2017/18 = \$8,700; and
5. Extension #2 for 2018/19 = \$8,875.

The cost difference between Crosby Company, as the lowest bidder, is \$2,250 for the 2014/15 fiscal year, increasing to a difference of \$2,875 in the 2018/19 fiscal year.

CONCLUSION

Staff recommends awarding the contract to Crosby Company, who has successfully performed audit services for the JPA for ~12 years, and submitted a responsive and responsible bid. If the Council and Board are interested in obtaining a *fresh set of eyes* to review the financial status of the MB/CSD Wastewater Treatment Plant, as well as the preparation of the audit report, then staff recommends Glenn Burdette Attest Corporation be awarded the contract.

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

AUDIT PROPOSAL

FOR THE THREE YEARS ENDING
JUNE 30, 2017

Submitted by:

Crosby Company
Certified Public Accountant

Robert Crosby, CPA
1457 Marsh Street, Suite 100
San Luis Obispo, CA 93401

(805) 543-6100
Fax (805) 858-9505
bob@crosbycoslo.com

August 31, 2015

Original

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CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

1457 MARSH STREET, SUITE 100 - SAN LUIS OBISPO, CA 93401

PHONE: (805)543-6100 FAX: (805)858-9505

August 31, 2015

Board of Directors
Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement
595 Harbor Street
Morro Bay, California 93442

Members of the Board:

I appreciate this opportunity to submit a proposal for the audits of the Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement (JPA), for the years ended; June 30, 2015, June 30, 2016 and June 30, 2017.

QUALIFICATIONS OF THE FIRM

Crosby Company is a full-service CPA firm, located in San Luis Obispo. I have 32 years of governmental auditing experience (see attached resume). My experience with governmental fund accounting and auditing, and my familiarity with the JPA's accounts, will enable me to audit and prepare the required reports in the most efficient and timely manner. I will make myself available when you need me, providing prompt, informed responses to your questions, while conducting your audit in a professional, comprehensive manner.

Crosby Company was started on June 1, 2009 and successfully passed a second peer review on August 21, 2014. The review indicated "passed with no deficiencies", which signifies that the Firm maintains the highest quality control standards set forth by the American Institute of Certified Public Accountants (AICPA). The peer review included a review of specific government engagements and the firm has never been the subject of any disciplinary actions.

Crosby Company is independent of the Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement.

My professional liability insurance coverage totals \$1,000,000. I also maintain the required general and automobile liability and workers compensation insurance.

The following discussion outlines the technical, timing, and fee details of my proposal.

AUDIT APPROACH

I will audit the financial statements of the Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement for the years ended June 30, 2015, June 30, 2016 and June 30, 2017, for the purpose of expressing an opinion on them. The financial statements are the responsibility of the JPA's management. My responsibility is to express an opinion on the financial statements, based upon my audits.

I will conduct the audits of the Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement on the accrual basis, 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 audits will provide a reasonable basis for an opinion.

Based on discussions with management, and the review of your operations and accounting systems, I will obtain a firm understanding of your system of internal control and test the effectiveness of the internal controls in place. This will enable me to determine the timing and extent of my substantive audit testing. I will not issue an opinion on the system of internal control. If required, I will issue a management letter at the conclusion of the engagement, informing you of any material weaknesses or reportable conditions I find in the internal control system. I will also include, in the management letter, any business advisory comments or observations I feel may improve the efficiency and effectiveness of operations of the Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement.

My audit procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and tests of the physical existence of Property, Plant, and Equipment, as well as direct confirmation of receivables and certain other assets and liabilities with certain creditors, legal counsel, and banks. I will search for unrecorded liabilities and perform analytical procedures on the income and expense accounts. In addition, I will compare actual performance to budgeted levels and investigate material discrepancies.

I will prepare the independent auditor's report on the audit of the financial statements of the Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement, financial statements, and the appropriate footnotes to the financial statements, in accordance with U.S. generally accepted accounting principles. I will include the Management Discussion and Analysis with the financial statements. I will also prepare the management letter to the City Manager and CSD General Manager if I identify and report: control deficiencies, significant deficiencies, and material weaknesses, if any, and will include my recommendations for improvements in accounting and administrative controls.

Audit work papers will be maintained by Crosby Company for five (5) years, unless I am notified in writing by the City and the CSD of the need to extend this retention period. I will respond to any reasonable inquiries of the City and/or CSD and successor auditors to review working papers relating to matters of continuing accounting significance.

ENGAGEMENT TIMING

I will provide a list of the schedules and supporting information required for the audits. I expect to commence the audit field work as soon as most of the items on our "items needed list" are completed by your staff. I will inform the City Administrative Services Director of any difficulties encountered during the audit and any audit adjustments that will be required. I will communicate immediately, and in writing, all irregularities and illegal acts, or indications of illegal acts to both the City Manager and CSD General Manager.

The annual report draft and management letter will be prepared for review by the City Administrative Services Director and CSD General Manager prior to presenting them to the Council/Board.

I will present and discuss the draft annual financial statements and results of operations to the City Council and Board of Directors during the first monthly meeting following the completion of the draft financial statements.

METHOD AND BASIS OF COMPENSATION

My audit professional staff includes one CPA, two college graduate CPA candidates, and an office manager. My fees for these services will be billed at the regular hourly rates for specific staff members involved. The total current year and two subsequent-years' audits are expected to take approximately 45 hours each to complete. Fees are not expected to exceed \$6,000 per year. This fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances or inflation will not be encountered during the audit.

Additional fees may be required, if the JPA receives significant funding from Federal sources; the JPA will be required to perform a single/grant-specific audit. Additional fees will depend on the funding amounts and the complexities of the disbursements.

My firm does not utilize CPA trainees to be in charge of the audit and field work. My clients expect to learn from my expertise, rather than train the staff accountants. I will insure that the books are adequately closed and the proper reversing entries are made for the subsequent year. I will work with the JPA staff to find ways to minimize the cost of the annual audit. If needed, I will spend extra time to help educate the Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement's staff on the proper audit procedures and preparation for the audit.

I provide these extra services to maintain a long-term working relationship with all of my audit clients. I believe that the benefits of these extra services streamline future audits and, ultimately, are passed on to the organization in reduced audit rates.

Audit Proposal
Re: Morro Bay-Cayucos Wastewater Treatment Plant JPA

Letter of Transmittal
August 31, 2015

I am enthusiastic about working with you and welcome your inquiries.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert P. Crosby CPA". The signature is written in a cursive style with a large, stylized "R" and "C".

Robert P. Crosby, CPA

CROSBY COMPANY
Certified Public Accountant

REFERENCES
COMMUNITY SERVICE DISTRICT AUDIT CLIENTS

Avila Beach Community Services District (805) 595-2664
Brad Hagerman - General Manager
Post Office Box 309
Avila Beach, California 93424
Audited Financial Statements - Fiscal Years Ended 1997 – 2011, 2013 - 2015

Cambria Community Services District (805) 927-6223
Jerry Gruber – General Manager
1316 Tamson Drive, Suite 201
Cambria, California 93428
Audited Financial Statements - Fiscal Years Ended 1999 - 2001, 2009 - 2015

Heritage Ranch Community Services District (805) 227-6230
John D'Ornellas – General Manager
4870 Heritage Road
Paso Robles, California 93446
Audited Financial Statements - Fiscal Years Ended 2008 - 2015

Morro Bay/Cayucos Waste Water Treatment Plant (805) 772-6221
Susan Slayton - General Manager
595 Harbor Street
Morro Bay, California 93442
Audited Financial Statements - Fiscal Years Ended 2000 - 2014

Nipomo Community Services District (805) 929-1133
Michael LeBrun – General Manager
Post Office Box 326
Nipomo, California 93444
Audited Financial Statements - Fiscal Years Ended 2007 – 2015

(With the "Certificate of Achievement for Excellence in Financial Reporting Award" for 2013 & 2014)

COST PROPOSAL

Submitted by:

Crosby Company - Certified Public Accountant

Robert Crosby, CPA
1457 Marsh Street, Suite 100
San Luis Obispo, CA 93401

(805) 543-6100
Fax (805) 858-9505
bob@crosbycoslo.com

Type of Business: Certified Public Accountant

Title of Proposal: Audit Services Request for Proposal (RFP)

Proposed Amount: \$6,000 for each fiscal year in the three year contract,
including two-year contract extension

Period of Performance: June 30, 2015 through June 30, 2017,
including two-year June 30, 2018 through June 30, 2019

Submitted On: August 31, 2015

Authorizing Official: Robert Crosby CPA

Name: ROBERT CROSBY CPA Title: 8/31/15 OWNER

This proposal is valid and binding for ninety (90) days and includes data that shall not be disclosed outside Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement or the Government and shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this offeror as a result of, or in connection with, the submission of this data, Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement and the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit Morro Bay-Cayucos Wastewater Treatment Plant Joint Powers Agreement or the Government's right to use information contained in this data if it is obtained from another source without restriction.

ROBERT P. CROSBY, CPA
OWNER

EDUCATION

University of Southern California
Bachelor of Science Degree (Business Administration / Accounting) – June, 1977

MILITARY EDUCATION

United States Navy - Naval War College / Officer Candidate School
Newport, Rhode Island – January, 1978

United States Navy - Navy Supply Corps School
Athens, Georgia – July, 1978

PROFESSIONAL BACKGROUND – Certified Public Accountant

Accounting License
CPA – California, October 11, 1985

Career Summary

Owner, accountant, auditor and CPA from June, 2009 to present – Crosby Company, San Luis Obispo, California
Owner/Partner, accountant, auditor and CPA from 1997 to May, 2009 – Crosby & Cindrich, San Luis Obispo, California
Employed as accountant, auditor and CPA from 1987 to 1997 – Bourdon & Burkart, San Luis Obispo, California
Employed as accountant, auditor and CPA from 1985 to 1987 – Knight, Towle, Sage and Johnson, San Luis Obispo, California
Employed as accountant, auditor and CPA from 1983 to 1985 – Diehl, Evans, and Company, Newport Beach, California
Employed as accountant and controller from 1981 to 1983 – Mutual Petroleum, San Marino, California
Employed as U.S.Navy Lieutenant, Supply Officer from 1978 to 1981 – USS Kitty Hawk CV63, San Diego, California

Areas of Expertise

Extensive audit experience (32 years); expertise includes: municipal, special district, non-profits, compliance, fraud, corporate, Security Exchange Commission, and single/grant-specific audits.

Extensive tax-preparation experience (30 years); expertise includes: individual, non-profits, corporate, fiduciary, estate, and partnerships.

Other specialties, including: Internal Revenue Service audit representative, expert witness.

PROFESSIONAL MEMBERSHIPS

Los Angeles Jonathan Club – Resident Member
California Society of Certified Public Accountants (CSCPA)
Boy Scouts of America (BSA) – Eagle Scout



David E. Vaughn CPA

(209) 957-8806. fax (209) 957-9589

4540 Gnekow Drive, Stockton, Ca. 95212-1307

System Review Report

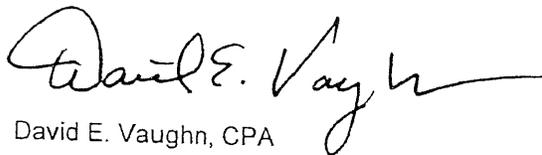
August 21, 2014

To the Owner,
Crosby Company, CPA,
and the Peer Review Committee of the California Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of Crosby Company, CPA (the firm) in effect for the year ended March 31, 2014. My peer review was conducted in accordance with Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of my peer review, I considered reviews by regulatory entities, if applicable, in determining the nature and extent of my procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under *Government Auditing Standards*.

In my opinion, the system of quality control for the accounting and auditing practice of Crosby Company, CPA in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Crosby Company, CPA has received a peer review rating of *pass*.



David E. Vaughn, CPA

ORIGINAL

**City of Morro Bay and Cayucos Sanitary District
Proposal for Professional Auditing Services
For the Fiscal Years Ending June 30, 2015, 2016, and 2017
With Options to Renew
For the Fiscal Years Ending June 30, 2018 and 2019**

**Glenn Burdette Attest Corporation
Certified Public Accountants
1150 Palm Street
San Luis Obispo, California 93401
(805) 544-1441
Contact: Allen E. Eschenbach, CPA
Principal
al.eschenbach@glennburdette.com
August 31, 2015**

**City of Morro Bay and Cayucos Sanitary District
Proposal for Professional Auditing Services
For the Fiscal Years Ending June 30, 2015, 2016, and 2017
With Options to Renew
For the Fiscal Years Ending June 30, 2018 and 2019**

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August 31, 2015

City of Morro Bay and Cayucos Sanitary District
RFP for Auditing Services
Attention: Susan Slayton, Administrative Services Director
595 Harbor Street
Morro Bay, California 93442

Attached is our proposal to audit the documents and prepare financial statements for the jointly owned, component unit wastewater treatment facility, which is jointly owned by the City of Morro Bay (the City) and the Cayucos Sanitary District (CSD) for the fiscal years ending June 30, 2015, 2016, and 2017, with options to renew for the fiscal years ending June 30, 2018 and 2019. We propose to perform the work as described in the Request for Proposals (RFP) for Auditing Services and we commit to perform the work within the time period as specified in the RFP.

We believe we are uniquely qualified to serve your organization. There are a number of sound reasons why you should select us as your independent certified public accountants.

- We are able to provide technical and quality services commensurate with that of the largest certified public accounting firms. The audit principal, managers and supervisor who would be involved with the engagement have experience with national or international firms. However . . .
- Since we are a local firm, we can respond immediately to your financial questions or concerns.
- We are available to present local seminars of governmental accounting or related matters to City staff.
- Our approach to auditing is management oriented. We will concentrate on maintaining a close and constructive relationship with you throughout the year.
- Our Firm has a continuity of personnel from year-to-year, to assure you of the most efficient, and correspondingly, the least costly accounting services.
- We are a service organization. We understand the obligation we have on a continuing basis, to earn your patronage through responsible service and on-going attention to your needs.
- We have tailored our Firm to meet the needs of local business, nonprofit organizations and governmental agencies which make up the economic climate of the Central Coast. We feel our approach has been successful as evidenced by our continued growth.
- The Firm has a full-time audit department which specializes in financial and compliance audits. We attend various seminars and education courses throughout the year related specifically to auditing to assure we are current on any new developments in the field.

SAN LUIS OBISPO

1150 Palm Street
San Luis Obispo, CA 93401
p 805 544 1441
f 805 544 4351

PASO ROBLES

102 South Vine Street, Ste. A
Paso Robles, CA 93446
p 805 237 3995
f 805 239 9332

SANTA MARIA

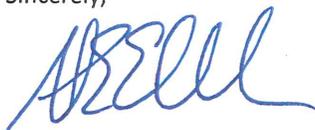
2222 South Broadway, Ste. A
Santa Maria, CA 93454
p 805 922 4010
f 805 922 4286

As a local CPA firm, we sincerely appreciate the opportunity to submit this proposal. By selecting a local CPA firm, the City will receive personalized professional services. There are no out-of-town living expenses in the fee.

Allen E. Eschenbach, CPA is authorized to make representations on behalf of Glenn Burdette Attest Corporation. He is a principal of the firm and may be contacted at Glenn Burdette, 1150 Palm Street, San Luis Obispo, California, 93401, 805-544-1441.

This proposal is a firm and irrevocable offer for ninety days. We look forward to the opportunity of serving you. If there are any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Eschenbach", written in a cursive style.

Allen E. Eschenbach, CPA

for

Glenn Burdette Attest Corporation

Certified Public Accountants

Technical Proposal

Background, Qualifications and Experience

Glenn Burdette, Certified Public Accountants, has offices in San Luis Obispo, Paso Robles, and Santa Maria. All of the work on this engagement will be performed from the San Luis Obispo office. We perform audit, accounting, tax services and management consulting services from our San Luis Obispo office. We have been performing financial and compliance nonprofit and governmental audits for over 30 years, and single audits for the past 19 years.

This Firm has 33 CPAs and 18 other employees (12 professional and 12 support staff). This includes one audit principal, one senior audit manager, one audit manager, two audit seniors who are Certified Public Accountants, plus two professional staff who perform governmental audit services. This makes us the area's largest audit practice. We anticipate having one principal, one manager, one senior professional associate and one professional staff employed in this engagement on a full-time basis. Biographies of the professional staff expected to perform significant services under this contract are contained under "Proposed Auditors."

Our Firm had its quality control system reviewed in November 2014 as required by the American Institute of Certified Public Accountants. The quality control review included a review of specific governmental engagements including single audits. Firms can receive a rating of pass, pass with deficiency(ies) or fail. We received a peer review rating of pass. A copy of the opinion is at the end of the proposal.

The Firm and any of its employees have never had a record of sub-standard work, or unsatisfactory performance pending with the State Board of Accountancy. There has been no disciplinary action taken or pending against the Firm with state regulatory bodies or professional organizations.

We have previously co-hosted the annual governmental GAAP update provided by the GFOA. In addition, we communicate learning opportunities to our clients on an as-needed and as-available basis.

Proposed Auditors

We anticipate that the principal, manager and senior identified would remain the same throughout the term of the contract. However, if those personnel leave the Firm, are promoted or are assigned to another office, we would be able to provide replacement staff who have substantially the same qualifications and experience. If those personnel are changed for other reasons, we would obtain the City's express prior written approval. We acknowledge that the City retains the right to approve or reject replacements. Likewise, we could provide replacement staff for other personnel as required during the term of the contract, with substantially the same qualifications and experience.

To assure the quality of all staff over the term of the contract, all our CPA's and professional staff conducting audits subject to *Government Auditing Standards* are required to take at least 80 hours of continuing professional education (CPE) classes every two years with at least 24 hours in CPE directly related to the government environment and government auditing. Professional staff assigned to the engagement would continue to obtain relevant continuing professional education and all new staff will be subject to our hiring standards.

We are members of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the California Society of Municipal Finance Officers, and the Government Finance Officers Association. We subscribe to all current pronouncements of the Financial Accounting Standards Board and the Governmental Accounting Standards Board. As such, we have access to the AICPA technical hotline, CalCPA technical hotline, GFOA technical services staff, and GASB and FASB technical staff when questions arise related to accounting or disclosure during the course of the audit.

The Firm and all assigned key professional staff are properly licensed to practice as certified public accountants in the State of California. The CPA license numbers for the professional staff who will be performing the audit services are indicated below.

Allen E. Eschenbach (Certified Public Accountant License # 73290) – Audit Principal

Mr. Eschenbach graduated from California Polytechnic State University, San Luis Obispo in June 1991 with a Bachelor of Science degree in Business Administration, with an accounting concentration. He was employed as a supervising senior at Ernst & Young LLP in San Francisco for three and a half years where he audited various public and nonpublic companies in the capital markets and financial services industries, as well as a number of large retailers and nonprofits. Mr. Eschenbach joined the Firm in January 1995, became a principal in June 2000, and served as the Firm's managing principal from 2003 through 2005. Since becoming a principal he has overseen the Santa Maria office and since 2001 has been responsible for the education and quality control of the audit department. He has extensive experience providing attestation and consulting services to clients of all industries on the Central Coast, including municipal and educational governmental entities, private agriculture, high technology, and construction enterprises. He has also assisted companies with fraud audits and Sarbanes-Oxley section 404 internal control implementation.

Mr. Eschenbach is a member of the American Institute of Certified Public Accountants and the Government Finance Officers Association. He is also a member of the California Society of Certified Public Accountants, and currently serves on the CalCPA state accounting principles and auditing standards committee. He is a graduate of Leadership San Luis Obispo Class VI and has served on the board of a number of local community organizations.

Mr. Eschenbach has served in a supervisory capacity on the following relevant governmental, nonprofit and A-133 single audits:

- Cities of San Luis Obispo, Pismo Beach, Lompoc and Guadalupe
- Mission Hills Community Services District
- Whale Rock Commission
- Cal Poly Corporation
- California Polytechnic State University Foundation
- University Corporation at Monterey Bay
- Foundation at CSU, Monterey Bay
- Santa Barbara and Allan Hancock Joint Community College Districts
- Lompoc Unified, Paso Robles Joint Unified, Santa Maria-Bonita and Guadalupe Union School Districts

The significant relevant continuing professional education that Mr. Eschenbach has obtained during the last three years related to accounting and auditing updates, governmental accounting and auditing updates, preparing governmental financial statements, and performing A-133 Single Audits.

Erin M. Nagle, Certified Public Accountant (License #75111) – Senior Audit Manager

Ms. Nagle graduated from the University of California at Santa Barbara in June 1995. She was employed as an auditor at BDO Seidman LLP in San Francisco for three years before joining our firm in June 1998. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Ms. Nagle has served in a supervisory capacity in the following relevant audits:

- Cities of San Luis Obispo, Lompoc and Guadalupe
- Whale Rock Commission
- California Polytechnic State University Foundation
- University Corporation at Monterey Bay
- Foundation of CSU, Monterey Bay
- Santa Barbara and Allan Hancock Community College Districts
- Guadalupe Union, San Luis Coastal Unified, and Paso Robles Joint Unified School Districts

The significant relevant continuing professional education that Ms. Nagle has obtained during the last three years related to accounting and auditing updates, governmental accounting and auditing updates, preparing governmental financial statements, and performing A-133 Single Audits.

Sarah K. Glaudel – Certified Public Accountant (License #124755) – Senior Audit Associate

Ms. Glaudel graduated from California Polytechnic State University, San Luis Obispo in March of 2010. She was employed as an intern by Glenn Burdette before joining the firm full time as an audit professional associate in May of 2013. Ms. Glaudel completed her graduate degree from Keller Graduate School of Management in October 2013 as a Master of Financial Management and Accounting with a CPA Emphasis. Ms. Glaudel is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Since joining the firm, Ms. Glaudel has served on the following relevant governmental, nonprofit and A-133 single audits:

- Cities of San Luis Obispo, Lompoc and Pismo Beach
- Whale Rock Commission
- Cal Poly Corporation
- California Polytechnic State University Foundation
- CSU Monterey Bay Corporation
- Foundation of CSU Monterey Bay
- Santa Barbara and Allan Hancock Community College Districts
- Integrated Waste Management Authority
- Family Care Network, Inc.
- Women's Shelter Program of San Luis Obispo County
- Food Bank Coalition of San Luis Obispo County

Matthew Ryan - (Certified Public Accountant License # 116214, Certified Information Systems Auditor License # 14114835) – Audit Professional Associate

Mr. Ryan graduated from California State University, Stanislaus in June of 2009 with a Bachelor of Science degree in Business Administration, with an accounting concentration. He was employed by the U.S. Department of Health and Human Services, Office of Inspector General in Sacramento for five years where he audited various public and nonpublic organizations. He joined Glenn Burdette in September 2014. Mr. Ryan is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Since joining the firm, Mr. Ryan has served on the following relevant governmental, nonprofit and A-133 single audits:

- Cities of San Luis Obispo, Lompoc, and Pismo
- Cal Poly Corporation
- Santa Barbara and Allan Hancock Community College Districts
- The Land Conservancy of San Luis Obispo
- Family Care Network, Inc.
- Transitions-Mental Health Association
- Habitat for Humanity of San Luis Obispo
- CSU Monterey Bay Corporation
- Foundation of CSU Monterey Bay

Deliverables, Completion Dates and Audit Approach

Work Plan

We will perform the audits in accordance with U.S. generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA), and the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, issued by the Comptroller General of the United States.

In the required reports on internal controls, we will communicate any matters considered to be significant deficiencies under standards established by the AICPA. Significant deficiencies that are also material weaknesses will be identified as such in the report. Other matters involving the internal control that are not significant deficiencies nor material weaknesses will be reported in a separate letter to management which will be referred to in the required reports on internal controls. Reports on compliance will include all material instances of noncompliance. All nonmaterial instances of noncompliance will be reported in a separate letter to management which will be referred to in the required reports on compliance. We acknowledge our responsibility to make an immediate, written report of all irregularities and illegal acts or indications of which we become aware to the City Manager and CSD General Manager. We understand that your expectation is that no later than December 31, the auditors will prepare the basic financial statements and the footnotes to the financial statements. We also understand that the auditors will present and discuss the draft annual financial statements to the Board of Directors

Our Firm uses personal computers extensively in our audit practice. We have portable laptop computers, scanners and printers that we take into the field to assist in preparing working papers and financial statements. Our work papers are prepared and maintained electronically so we attempt to get as many of the City's documents in electronic form. When possible, we would like to use the City's data files for testing rather than manually preparing information.

We agree to retain all working papers and reports at our expense for a minimum of five years, unless otherwise notified in writing by the City and CSD, and make them available to the City and CSD or its designees.

We acknowledge our responsibility to inform the City Administrative Services Director and CSD General Manager of any audit adjustments and difficulties encountered while performing the audit.

Proposed Segmentation for the Engagement

We acknowledge our commitment to the proposed schedule for the 2014-2015 audit and to the deadlines detailed in the RFP. It is generally our practice to divide an audit into (1) interim field work and (2) year-end field work – which is estimated to be performed by November 30, 2015. We will work with the City and CSD to establish fieldwork dates that are mutually agreeable.

Our audit approach will be designed to provide for the most effective and efficient use of resources. During interim field work, we will review the basic accounting systems of the City and CSD, and will use questionnaires

and checklists to document our understanding of the internal control system including the control environment, risk assessment, control activities, information and communication, and monitoring. This will be supplemented by narratives of our understanding of the flow of information through the accounting system. We will need to interview various City and CSD staff, including the Administrative Services Director, Senior Accounting Technician, finance staff and information technology staff, in order to gain an understanding of the internal control system and complete these forms and narratives. We will also reference the City's organizational charts and policy manuals and programs to aid in our understanding.

We anticipate documenting our understanding of the following internal controls processes during interim field work: purchasing/cash disbursements, personnel/ payroll, revenue/cash receipts, bid process and budget amendments. Based on the controls present within the respective processes and our preliminary evaluation of such controls, a determination will be made as to the extent of controls testing procedures to be performed. In addition, we anticipate performing detail testing of fixed asset additions and disposals during interim field work.

During year-end field work, we will perform substantive tests of account balances, including vouching to supporting documentation or confirmation with outside parties as determined appropriate. We expect the following to be significant audit areas: capital assets and allocation of revenues and expenses. We will apply preliminary analytical procedures by comparing account balances for the current year to the prior year amounts and the current year budget in order to identify unusual or unexpected balances or relationships and in order to consider risks when preparing audit work programs. Analytical procedures will also be applied to significant revenues and expenses/expenditures as a portion of our substantive audit program.

Independence

We are independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*, issued by the Comptroller General of the United States. As part of our internal quality control procedures, each employee is required to attest to their independence with regard to the current client listing. The Firm has not had any professional relationships involving the City or the CSD in the past five years.

References

Following is a list of the most significant engagements performed in the last five years that indicate that are similar to the engagement described in the City and CSD's RFP:

<u>Name of Agency</u>	<u>Scope of Work</u>	<u>Dates of Service(s) During Past 5 Years</u>	<u>Engagement Partner</u>	<u>Total Hours</u>	<u>Client Contact</u>
Mission Hills Community Services District	Audit of water and wastewater disposal services.	June 30, 2011-2015	Allen E. Eschenbach	150	Mike Riley, District Manager (805) 733-4366
Whale Rock Commission	Audit of joint venture for Whale Rock Reservoir.	June 30, 2011-2015	Allen E. Eschenbach	40	Wayne Padilla, Fiscal Services Director for City of San Luis Obispo (805) 781-7125
City of San Luis Obispo	Audit with CAFR, A-133 Single Audit, financial and compliance audits of Transportation Development Act funds.	June 30, 2011-2015	Allen E. Eschenbach	450	Katie Lichtig City Manager (805) 781-7114
City of Lompoc	Audit and A-133 Single Audit.	June 30, 2011-2015	Allen E. Eschenbach	450	Brad Wilke Management Services Director (805) 875-8271
City of Pismo Beach	Audit with CAFR, A-133 Single Audit, financial and compliance audits of Transportation Development Act funds.	June 30, 2011-2015	Allen E. Eschenbach	400	Susan West-Jones Finance Manager (805) 773-7012
City of Guadalupe	Audit and A-133 Single Audit.	June 30, 2011-2015	Allen E. Eschenbach	350	Annette Munoz Finance Director (805) 343-1340

Cost Proposal

Following is a summary of fees for auditing services as described in the City and CSD's RFP:

Summary Schedule of Professional Fees and Expenses

	Option Years				
	2014-15	2015-16	2016-17	2017-18	2018-19
Audit and Basic Financial Statements	\$ 8,250	\$ 8,400	\$ 8,550	\$ 8,700	\$ 8,875



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SYSTEM REVIEW REPORT

To the Principals of Glenn Burdette Attest Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Glenn Burdette Attest Corporation (the firm) in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Glenn Burdette Attestation Corporation in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Glenn Burdette Attest Corporation has received a peer review rating of *pass*.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 21, 2014

STAFF REPORT

CITY OF MORRO BAY-CAYUCOS SANITARY DISTRICT WASTEWATER TREATMENT PLANT (WWTP)

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

FROM: Mike Nunley, PE - Program Manager – City of Morro Bay Water Reclamation Facility

DATE: September 3, 2015

SUBJECT:

Status Report on the Development of a Regional Water Reclamation Facility (WRF)

RECOMMENDATION:

Morro Bay staff recommend this report be received and filed.

FISCAL IMPACT:

Attachment 2 is a summary of the existing contract with consultants used to assist in the WRF project

BACKGROUND

Staff provides this report as an update of the progress made to date on the regional WRF project. With the denial of the permit for the WWTP project in its current location, the City has embarked on a process for a WRF that would be available to serve both the City and Cayucos Sanitary District, if desired.

DISCUSSION

This staff report provides the following:

1. Accomplishments and milestones
2. Review of what has occurred to date. See Attachment 1 for a brief review of dates, status and accomplishments on the WRF facility project. See Attachment 2 for a summary of project expenses to date.
3. Schedule for near-term activities or workshops

Accomplishments/Milestones:

- Program Management Team (MKN & Associates, Inc.) has been selected and has started work
- Interviews for a California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) Compliance Specialist have been completed. The Program Management Team is negotiating scope and budget with ESA, the top-ranked consultant.
- Survey and base map development is underway from the existing Wastewater Treatment Facility along Atascadero Road/Highway 41 to the Rancho Colina site. This work is scheduled for completion in October.
- Investigation of geotechnical constraints at the Rancho Colina site has been completed in draft form and no fatal flaws were identified.

- Memorandum of Understanding has been initiated between the Rancho Colina property owner and the City.
- Facility Master Plan by Black & Veatch is underway and three (3) interim draft deliverables have been provided to the Program Management Team and City for review and comment.
- City is considering a resolution on September 8 to authorize execution of an agreement for a State Water Resources Control Board Recycled Water Feasibility Planning Grant. Application is scheduled for submittal in early October.

Near-Term Schedule:

The following table identifies major deliverables, activities, or decision points within the next 2-3 months.

Task	Approx. Date
Council Presentation on Program Management Team's Outreach Plan	9/22/15
CEQA Consultant Selection / Negotiation	September
Council to Award CEQA/NEPA Contract	10/13/15
CEQA/NEPA Notice to Proceed	10/16/15
Project Delivery Workshop	10/17/15
Facility Master Plan (FMP) Workshops	October, November

CONCLUSION

Staff will continue to bring a status report on the development of a Regional WRF to future joint Council and District Board meetings.

ATTACHMENTS

1. Timeline of WRF events January 2013 to present
2. Summary of Project Expenses and Estimated Costs

WRF Project Timeline
January 2013 - Present

Date	Action
August 24 and 26, 2015	Interviews with CEQA and NEPA Compliance firms - AMEC, ESA, Rincon Consultants, and Dudek
August 21, 2015	FMP Technical Memorandum 2 (Working Draft - Waste Characteristics, Flow Projections, and Effluent Discharge Requirements) submitted for discussion with City prior to finalizing analysis
August 18, 2015	First Biweekly Staff/PM Program Meeting
August 17, 2015	City Council Work Session - WRF Program Overview
August 13, 2015	FMP Technical Memorandum 1 (Summary of Existing Documents Reviewed) submitted
August 11, 2015	City Council Award of PM Contract
August 5, 2015	WRFCAC Meeting - Review of scope of work, fees and schedule for MKN as WRF Program Management/Construction Management Consultant
July 29, 2015	City staff met with representatives from Rancho Colina to discuss the terms of the MOU for the potential property Purchase.
July 28, 2015	Interview with the PM team of MKN/Rickenbach. Committee recommends selection of MKN as PM
July 22, 2015	PM selection Team met to discuss one proposal received for PM and recommend that they interview the one proposer
July 21, 2015	Environmental Review Selection Committee met to review the six SOQs submitted. The Committee Recommends the City Interview four teams: Dudek, ESA, Rincon, AMEC
July 15, 2015	Kick off Meeting with Black and Veatch FMP Consultant
July 14, 2015	Proposals due for Program Management Services
July 14, 2015	SOQ due for Environmental Review Services
July 14, 2015	City Council Meeting - Award of FMP Contract
July 8, 2015	WRFCAC Meeting - Recommend for B&V as FMP consultant
July 1, 2015	New water and Wastewater Rates in effect
June 30, 2015	Staff Review of Black and Veatch Final Scope of Work
June 22, 2015	Discussions with Black and Veatch regarding Scope of Work
June 19, 2015	Pre Proposal Meeting for Project Management RFP
June 19, 2015	Pre SOQ Meeting for Environmental Review SOQ
June 18, 2015	The CSD BOD approved the FY 15/16 WWTP operating budget
June 17, 2015	Presentation to the Realtor group regarding project status
June 16, 2015	Prospective FMP consultant interviews -Carollo Engineers and Black and Veatch. Selection Committee unanimously recommends Black and Veatch
June 11, 2015	Joint Meeting with the Cayucos Sanitary District for Budget Approval and Audit results - Canceled
June 9, 2015	City Council adopted Resolution 31-15, approving the FY 15/16 Budget including wastewater
June 1, 2015	Meeting with WRFCAC subcommittee for initial review of FMP proposals
May 29, 2015	Released RFP for Environmental Review (CEQA/NEPA) for the new WRF
May 26, 2015	Public Hearing for Increases in Water and Sewer Rates held. Received 933/2707 required protests. City Council adopted resolution 30-15 setting new water and sewer rates for the next five years
May 12, 2015	City Council adopted Resolution 25-15 providing direction to staff.
May 12, 2015	Proposal received from Black and Veatch and Carollo responding to Facilities Master Plan RFP
May 7, 2015	Special WRFCAC Meeting to discuss recommendations to the City Council regarding moving forward with the project.
May 4, 2015	Morro Bay Staff issued an addendum to the WRF FMP RFP, eliminating the CSD from the review process and establishing a two party contract.

New items are indicated by shading.

WRF Project Timeline
January 2013 - Present

Date	Action
April 30, 2015	Joint Meeting of the CSD Board of Directors and Morro Bay City Council for continued discussion regarding the MOU for the New WRF. CSD Presented Resolution 2015-1 suspending participation with Morro Bay on a New WRF at the Rancho Colina Site
April 8, 2015	Rate Notices to be Mailed out to all City property owners and residents
April 8, 2015	WRFCAC Meeting to appoint members to WRF FMP review committee
March 24, 2015	City Council Approves Proposition 218 Notice for Water and Sewer Rate Adjustments and Schedules Public Hearing for May 26, 2015
March 19, 2015	Issued Contract to KMA for Preliminary Biological Assessment of Rancho Colina site and pipeline corridor.
March 19, 2015	Release RFP for WRF Facilities Master Planning
March 11, 2015	Joint Meeting of Morro Bay City Council and Cayucos Sanitary District Board of Directors in Cayucos
February 25, 2015	JFR Contract Amendment #4 for \$44,279.00 to assist with fatal flaw analysis
February 25, 2015	Facilities Master Plan RFP Completed for internal staff review
February 23, 2015	CSD Legal Council transmitted CSD DRAFT MOU to City
February 19, 2015	Letter from Ken Harris, RWQCB regarding the New WRF project and deadline for operations.
February 19, 2015	Public Works Advisory Board – Second Water and Sewer Rate Study Workshop
February 11, 2015	WRFCAC Meeting to review MOU for Now
February 11, 2015	Scheduled Joint Meeting of Morro Bay City Council and Cayucos Sanitary District Board of Directors in Cayucos was canceled
February 5, 2015	Meeting between Morro Bay Council Subcommittee and Cayucos Sanitary District Board Sub Committee to Discuss the MOU for Now
January 29, 2015	Public Works Advisory Board – Water and Sewer Rate Study Workshop
January 26, 2015	Meeting with between Morro Bay and Cayucos Staff to discuss next steps and "MOU for Now"
January 26, 2015	Meeting with between Morro Bay Staff, JFR/MKN and City Council sub-committee to discuss next steps and "MOU for Now"
January 13, 2015	City Council to review "Next-Steps" and provide direction to Staff.
January 8, 2015	Staff presentation of the "Next-Steps" to the City Council and CSD Board
December 11, 2014	Staff presented to the City Council and the CSD Board of Directors the Final JFR report, including the CMC evaluation by Carollo Engineers. The CSD Board of Directors concurred that based on the information presented that the Rancho Colina site appeared the most viable and cost effective.
December 9, 2014	City Council meets to review the Final JFR report, including the CMC evaluation by Carollo Engineers. The City Council expresses their preference for Rancho Colina as their preferred site for the New WRF. The cost estimates indicated that the CMC site was nearly double that of the Rancho Colina site.
December 8, 2014	Carollo Engineers releases their Technical Memorandum regarding CMC WWTP capacity and necessary facility expansion to accommodate increase flows from City and CSD.
December 8, 2014	Meeting between MBNEP and City staff to discuss concerns regarding the siting of the WRF at CMC and increased pollutant loads to Chorro Creek.
December 8, 2014	Meeting between City staff and the WRF Technical Committee (Irons/Smukler) to review the project status.
December 1, 2014	Tour of the existing CMC facility with representatives from CDCR, CSD and the City.
November 19, 2014	Conference call between CDCR, CSD and Morro Bay staff regarding the logistics of siting at the CMC location.
November 18, 2014	Meeting between City and California Coastal Commission staff regarding a variety of projects in Morro Bay including the WRF siting.

Date	Action
November 13, 2014	Staff presented to the City Council and the CSD Board of Directors the status of the CMC Capacity Analysis and also updated the CSD Board on the City Council meeting of November 12, 2014
November 12, 2014	The City Council reviewed the draft report from John Rickenbach Consulting regarding final site preference. As the result of the report being incomplete, without the Carollo CMC engineering analysis including comparable cost estimates, the City Council choose to delay their decision on final site preference until such time that the report is complete and the WRFCAC has had a chance to review and make a recommendation.
November 5, 2014	The WRFCAC met and reviewed the draft report from John Rickenbach Consulting regarding final site preference. As the result of the report being incomplete, without the Carollo CMC engineering analysis including comparable cost estimates, the WRFCAC moved to recommend to City Council to delay their decision on final site preference until such time that the report is complete and the WRFCAC has had a chance to review and make a recommendation to the City Council.
October 28, 2014	Cleath-Harris and Associates presented the Hydrogeological Technical Memoranda regarding the relative benefits of a Creek discharge in the Chorro Valley and In-Lieu recharge in the Morro Valley to the City Council at their regular meeting.
October 22, 2014	Meeting of the WRFCAC where they reviewed the Hydrogeological Technical Memoranda by Cleath-Harris and Associates and toured the Rancho Colina site.
October 20, 2014	A conference call between Morro Bay, CSD, CMC, Regional Board and CDCR was held to discuss the viability and timing of a regional facility at CMC. At that meeting CDCR authorized the release of WWTP data to Carollo for their process modeling.
October 10, 2014	A project kick off meeting was held at the City's Public Services offices for the Carollo CMC work, City and CSD staff along with the City's consultants were in attendance.
October 9, 2014	Meeting between the Morro Bay City Council and the Cayucos Sanitary District Board of Directors Meeting in Cayucos. City Council directed, by motion, City staff to work cooperatively with Cayucos Sanitary District staff.
October 8, 2014	Meeting of the WRFCAC where they reviewed the LWA report regarding permitting constraints, Kestrel Consulting report regarding financing and grants and they formed three technical subcommittees.
October 2, 2014	Meeting of the Morro Bay City Council Technical/Executive Committee and the Cayucos Sanitary District Board of Directors in Morro Bay
September 30, 2014	The Public Services director executed a contract with Carollo Engineers for the study of capacity and expansion capability at the CMC site.
September 26, 2014	Meeting with Bartle Wells (Sewer and Water Rate Consultant) regarding hearing schedule and additional data needs
September 25, 2014	Received final scope and estimated fee (\$101,945) from Carollo Engineers for the evaluation of the CMC option, Carollo requested changes to the standard City contract which are being reviewed by the City Attorney
September 23, 2014	City Council Special Meeting reviewed the Report by Larry Walker and Associates regarding the Water Quality permitting implications at each of the two final proposed sites. Council also discussed the potential of joint City Council/WRFCAC meetings and status of the CMC evaluation
September 11, 2014	Joint meeting of the Morro Bay City Council and the Cayucos Sanitary District Board of Directors Meeting in Morro Bay.
September 10, 2014	First Meeting of the WRFCAC
August 12, 2014	City Council confirmed Citizen Appointments to the WRFCAC
July 16, 2014	Kick off meeting with Larry Walker Associates regarding discharge permit requirements for various disposal/reuse options for the new WRF project.
July 10, 2014	Meeting with Cayucos Sanitary District staff to discuss the scope of work for the proposed Carollo Engineers CMC capacity evaluation study.

WRF Project Timeline
January 2013 - Present

Date	Action
July 9, 2014	City Council conducted interviews for positions on the WRF Citizens Advisory Committee (WRFCAC). City Council appointed seven members to the WRFCAC.
June 30, 2014	Staff met internally to gather preliminary information for Bartle Wells Rate Study. Staff will have all info to Bartle Wells by the end of July.
June 27, 2014	Kick off meeting with Kestrel Consulting to discuss funding strategies for the new WRF project.
June 27, 2014	Meeting with Cleath-Harris to review draft Chorro Creek discharge study and effect on City water supply. Authorized Cleath-Harris to perform a similar study for the Morro Valley.
June 25, 2014	Meeting with John Rickenbach and Mike Nunley to discuss project schedule for the WRF project
June 20, 2014	City executed a contract with Larry Walker Associates in the amount of \$24,970 to advise the City regarding discharge permit requirements for various disposal/reuse options for the new WRF project.
June 15, 2014	City executed a contract with Kestrel Consulting in the amount of \$20,530 to develop funding strategies for the new WRF project.
June 14, 2014	Staff has met with a variety of alternative project delivery method firms to explore the requirements for this process, firm include: Carollo, CDMSmith; and Black and Veatch.
May 27, 2014	City Council adopted Resolution 34-14 that provides direction to staff regarding the "Rancho Colina" site, continuing parallel path discussion regarding the CMC site, and forming a Citizen's Advisory Committee.
May 23, 2014	Selected Bartle Wells as Water and Sewer Rate Study consultant. The estimated fee for the study is not to exceed \$67,440.
May 22, 2014	The City Clerk posted the notice of the formation of a new, limited term and scope, i.e. Water Reclamation Facility Citizen's Advisory Committee. Applications are due to the Clerk by Friday, June 13, 2014.
May 13, 2014	Council Approved New Water Reclamation Facility Project Report on Reclamation and Council Selection of a WRF Site and provided direction to staff to return to Council with a resolution that captured the motions made.
May 8, 2014	May JPA Meeting cancelled.
May 1, 2014	Scheduled site visit at Giannini site with WRF Subcommittee, JRF Consulting and Property Owner.
April 23, 2014	Meeting to review the "Rancho Colina" site with the Morro Bay and CSD Sub-Committees along with Water Board staff.
April 21, 2014	"Rancho Colina" site visit with staff and Council persons Leage and N. Johnson.
April 18, 2014	Letter sent to property owners of potential WRF sites, inviting a discussion regarding siting potential
April 11, 2014	"Rancho Colina" site visit with staff and Council person C. Johnson.
April 10, 2014	April JPA Meeting cancelled
March 21, 2014	Meeting between City of Morro Bay (Irons/Smukler) and CSD (Enns/Lloyd) Sub-Committees along with Morro Bay and CSD County and Water Board Staff to discuss overall project status and the CMC option.
March 20, 2014	WRF Sub-Committee meeting along with staff and property owner at the "Rancho Colina" Morro Valley site to get an overview of the potential for it as a project location.
March 10, 2014	March JPA Meeting cancelled.
March 6, 2014	Scheduled WRF Subcommittee meeting with staff to discuss grant opportunities and schedules.
February 28, 2014	Received a revised scope of work for a contract amendment received from Rickenbach recognizing the accelerated time schedule for the WRF. Estimated fees not to exceed \$76,129.

New items are indicated by shading.

WRF Project Timeline
January 2013 - Present

Date	Action
February 25, 2014	City Council received a status update on the New WRF and adopted Resolution 17-14 prescribing a 5-year time frame for the construction of the New WRF.
February 24, 2014	City Council Discussion of Eater and Sewer Rates at special Workshop and Council discussion and direction regarding City DRAFT MOU and CSD DRAFT MOU.
February 13, 2014	WRF Sub-Committee meeting to discuss the 5 year time schedule and grant opportunities.
February 13, 2014	February JPA Meeting held.
February 11, 2014	Mid-year Budget adjustment to include additional funding for WRF alternative site analyses. \$100,000 was approved.
January 31, 2014	Status report preparation assigned to Public Services Director.
January 29, 2014	Received proposal from Rickenbach for a contract amendment to perform due diligence on alternative WRF sites for final site selection. Estimated fees not to exceed \$63,806.
January 23, 2014	Onsite staff meeting with property owner at Rancho Colina to tour a potential location.
January 23, 2014	Telephone discussion with City's Water Attorney regarding water rights to creek discharge of wastewater.
January 20, 2014	Received proposal from Cleath-Harris to study Chorro Creek discharge and effect on City water supply. Estimated fees not to exceed \$7,500.
January 16, 2014	January JPA Meeting canceled.
December 19, 2013	December JPA Meeting held – Verbal update by both CMB and CSD.
December 10, 2013	Presentation of Options Report to City Council.
November 19, 2013	Meeting with RWCQB Staff regarding project Status and Permit Renewal.
November 14, 2013	November 2013 JPA Meeting Cancelled.

599-8312-6105 P0234-8312	Contract Amount (1)	Amount Paid (2)	Remaining Contract
SITE ALTERNATIVES ANALYSIS - SITE PREFERENCE SELECTION			
JFR Consulting – Site Selection/Project Management Assistance			
Original Contract	\$ 117,256		
Contingency	\$ 11,726		
Amendment #1	\$ 76,129		
Amendment #2	\$ 91,336		
Amendment #3	\$ 23,147		
Amendment #4	\$ 44,279		
Total Contract - Final	\$ 363,873	\$ 363,817	\$ 56
Kestrel Consulting – Assessment Funding			
Total Contract	\$ 20,530	\$ 8,380	\$ 12,150
Larry Walker and Associates – Permitting Constraints			
Original Contract	\$ 24,970		
Amendment #1	\$ 5,100		
Total Contract + Direct Costs - Final	\$ 30,070	\$ 30,151	\$ (81)
Cleath-Harris Associates – Stream Flow Augmentation			
Contract Amount	\$ 7,500		
Amendment #1	\$ 6,500		
Amendment #2	\$ 4,000		
Total Contract - Final	\$ 18,000	\$ 18,348	\$ (348)
Carollo Engineers – CMC Capacity, Siting Evaluation and Cost Estimate			
Total Contract + Direct Costs	\$ 101,945	\$ 87,361	
(Proposed to be Reimbursed by RWQCB using SEP Funds)		\$ (87,361)	
Net Amount - Final	\$ 101,945	\$ -	\$ 14,584
Outside Legal - Water Rights		\$ 7,880	
Appraisal - Righetti Site		\$ 5,500	
Total Site Selection - Final	\$ 534,418	\$ 420,696	\$ 26,361
FATAL FLAWS			
Kevin Merk Associates – Preliminary Bio Assessment			
Total Contract + Direct Costs	\$ 12,835	\$ 3,245	\$ 9,590
Fugro - Hydrogeological			
Total Contract + Direct Costs	\$ 38,600	\$ 7,093	\$ 31,508
Farwestern Archeological			
Total Contract + Direct Costs	\$ 12,000		
Larry Walker Associates - Pretreatment (Salt) Assessment			
Total Contract + Direct Costs	\$ 23,640	\$ 10,135	\$ 13,505
Total Fatal Flaws	\$ 87,075	\$ 20,473	\$ 54,603
FACILITIES MASTER PLAN			
Black and Veatch			
Total Contract + Direct Costs	\$ 710,123	\$ -	\$ 710,123
JoAnn Head Surveying			
Total Contract + Direct Costs	\$ 45,050	\$ -	\$ 45,050
ENVIRONMENTAL REVIEW (CEQA/NEPA Compliance)			
Consultant to be Determined			
PROGRAM MANAGEMENT			
MKN & Associates, Inc.			
Total Contract Year One +	\$ 920,808	\$ -	\$ 920,808
Estimated Amount for Eight +/- Years - Including Construction Management	\$9 - \$14 Million		
Kestrel Consulting - SRF and Prop 1 Support/Applications	\$ 65,752	\$ -	\$ 65,752
Total Consultant Contract Amount (to date)	\$ 2,318,176	\$ 441,169	\$ 1,711,894

Notes:

1. Does not include reimbursable costs, i.e. copies, travel and other direct expenses
2. Includes reimbursable costs, i.e. copies, travel and other direct expenses