

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

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

City of Morro Bay
City Council:
Janice Peters, Mayor
Betty Winholtz, Vice-Mayor
Rick Grantham, Councilmember
Carla Borchard, Councilmember
Noah Smukler, Councilmember

MINUTES

DATE: 6:00 p.m., Thursday, June 4, 2009
HOSTED BY: Cayucos Sanitary District
PLACE: Cayucos Veterans' Hall
10 Cayucos Drive
Cayucos, CA 93430

CALL TO ORDER AND ROLL CALL

President Enns called the meeting to order at 6:05 p.m. and asked District staff member Nancy Martin to take the roll.

Morro Bay City Council members present were Mayor Janice Peters and Council members Rick Grantham, Carla Borchard and Noah Smukler. Vice-Mayor Betty Winholtz arrived at 6:12 p.m.

Cayucos Sanitary District Board members present were President Enns, Vice-President Bud McHale, and Directors Shirley Lyon and Michael Foster. Director Hal Fones was absent.

President Enns introduced Lewis Brookins, who will replace Bonnie Connelly as District Administrative Services Officer (ASO) upon her retirement June 10. Enns thanked Ms. Connelly for her years of service to the District. He reported that Bruce Ambo (Morro Bay Public Service Director) is home from the hospital and wished him a speedy recovery.

Mayor Peters stated that agenda Item A-3 would be pulled because of Ambo's absence.

Councilmember Smukler announced the annual WaterFest 2009, taking place June 20. WaterFest is a free "learn by playing", kid-friendly event, offering water saving tips and demonstrations from local businesses and non-profits.

Enns thanked AGP Video for their services.

PUBLIC COMMENT PERIOD

President Enns opened Public Comment.

There were no Public Comments.

President Enns closed Public Comment.

A. CONSENT CALENDAR

1. Minutes of March 19, 2009 Meeting – Recommend approve
2. Wastewater Treatment Plant (WWTP) Operations Report through April, 2009 – Recommend receive and file
3. Status Report on the EIR for the WWTP Upgrade project
4. Status Report on the Design Process for the WWTP Upgrade Process – Recommend receive and file
5. Financial Status Report as of May 31, 2009 – Recommend receive and file
6. Status Report on JPA Technical Subcommittee – Recommend receive and file

Vice-Mayor Winholtz requested Item A-2 be pulled for review.

MORRO BAY MOTION: First Winholtz, second Borchard to approve Consent Calendar Items A-1, A-4, A-5, A-6. VOTE: 5-0

CAYUCOS MOTION: First McHale, second Lyon to approve Consent Calendar Items A-1, A-4, A-5, A-6. VOTE: 4-0

A-2. Wastewater Treatment Plant (WWTP) Operations Report through April, 2009

Winholtz thanked Bruce Keogh for his written report but asked if he would consider setting up his operations report in time line fashion (chronologically). Keogh stated that is the format he uses in reporting to Regional Board, and he lists the items according to their importance. He indicated he would be able to set up his report as requested but noted it would take some time. Winholtz thanked him and said it would not be necessary after his explanation.

Mayor Peters stated it appears as if equipment/machinery is breaking down more readily and asked if it is unusual. Keogh answered that, overall, items are simply wearing out.

MORRO BAY MOTION: First Winholtz, second Grantham to approve Consent Calendar Item A-2. VOTE: 5-0

CAYUCOS MOTION: First McHale, second Lyon to approve Consent Calendar Item A-2. VOTE: 4-0

B. OLD BUSINESS

1. Discussion of a Five Year Capital Improvements and Facility Maintenance Expense Plan for the WWTP – Recommend receive

Bruce Keogh reported that Larry Kraemer of Cannon Associates would be doing a short presentation. Keogh felt Cannon had done a good job, and by lumping expenditures together by treatment process provided a good view of the costs associated with more maintenance

intensive processes. The projections are conservative and realistic but do not include possible expenses for major catastrophic events. Additional funds will be asked for if there is a major equipment failure. Keogh pointed out that some expenditures of greater than \$5,000 are not capitalized as they are repairs of existing equipment, but as a future budgeting strategy, items over \$5,000 would be highlighted, as special projects, for approval in the annual budget process. The proposed FY 2009-2010 budget shows \$273,000 in O&M expenditures, \$25,000 less than the Cannon report that includes consideration of flood control expenses. Keogh introduced Larry Kraemer.

Larry Kraemer, Cannon Associates, provided a power point presentation of the 5-Year Equipment CIP and Facility Maintenance Expenses report, with purpose, goals, background, methodology, maintenance strategies, and summary of expended and projected expenses 2000-2014, and recommendations.

Enns asked for questions from the Council and Board.

Foster asked for an explanation of the \$100,000 for allotted for video inspection. Keogh responded that the current permit requires an annual outfall inspection and, to ensure the integrity of the pipe, an annual inspection. He described how the inspection is done, with associated costs. Foster asked for alternatives to ocean discharge. Keogh stated the current Facilities Master Plan calls for tertiary treatment with ocean outfall. Smukler asked if, when a portion of the line is viewed, it is assumed that the entire line is in the same shape. Keogh answered that the first portion is videoed and reviewed by engineering staff with recommendations, to ensure the infrastructure of the pipe. Grantham asked if the exterior and the interior of the pipe should be examined simultaneously. Keogh answered that since a large portion of the pipe is under the sand it has not been considered.

Enns asked if some of the \$298,000 in allocated replacement expenditures could be considered part of the facility upgrade, and if part of the upgrade could take place in the next five years. Kraemer answered that components of the treatment plant will be rehabilitated as part of the upgrade but at the same time, there will be purchases of critical equipment. Peters asked if any equipment could be recycled or sold. Keogh answered that the majority of equipment will have been repaired and will ultimately have no resale value/use, but added that some large ticket items could be phased into the new plant. Enns asked if the \$1.5 million in expenditures forecast for the next five years could be subtracted from the cost of the upgrade. Kraemer said that about half could be. Keogh stated that the spreadsheet of projected expenses will be updated annually and will be a useful budgetary tool.

Enns asked that the \$298,000 expenditures be included in the proposed budget. Keogh answered that budget does not include \$25,000 for flood control.

Enns thanked Kraemer for his presentation and said he was very impressed. Smukler presented Kraemer with two free passes to WaterFest. 2009.

2. Status of Analysis of Statement of Net Assets for FY 2006 and 2007 Relating to “Cash and Cash Equivalents”

Susan Slayton reported that information is currently being pulled from storage and the task has proved more tedious than expected. The requested report continues to be worked on but there is nothing to present this night.

3. Status Report : FY 2007-2008 WWTP Audit
Slayton reported that the paperwork for the audit report was taken to the auditor, Bob Crosby, June 3.

C. NEW BUSINESS

1. Invoice for 3rd Quarter of FY 2008-2009 – Recommend approve
Enns asked Lewis Brookins for comments. Brookins provided a written analysis of the invoice and recommended the District approve the 3rd Quarter invoice.

Enns asked for questions or comments from the District.

Foster asked about the increase in earthquake and flood insurance. Brookins related it had been underbudgeted in the past.

CAYUCOS MOTION: First McHale, second Lyon to approve Invoice for 3rd Quarter of FY 2008-2009. VOTE: 4-0

2. Proposed Budget for WWTP FY 2009-2010 – Recommend approve
Peters asked for questions from the Council. There were none.

Enns asked for comments from Brookins and the District.

Brookins recommended approval of the budget. Enns asked about line item #7102, Bldg/Structures, where it appears that \$375,000 was budgeted last year yet nothing was spent. Slayton answered that when an item is capitalized it is moved from the expense account to the capital account.

Keogh stated again that all items from the Cannon study are in the budget except the \$25,000 for flood control. Enns asked if the budget could be amended to include that line item and to which line item would it be added. Slayton indicated the Council could vote on it at the June 26 City Council meeting and that it would be a capital cost. Keogh suggested including the \$25,000 in line item #6602, Outside Structural.

CAYUCOS MOTION: First Foster, second Lyon to approve the Budget for the WWTP FY 2009-2010 with the addition of \$25,000 to line item #6602, Outside Structural, making it \$30,000 rather than \$5,000. VOTE: 4-0

Peters asked if the Council could vote on the item and was told it could.

MORRO BAY MOTION: First Smukler, second Grantham to approve the addition of \$25,000 to line item #6602, Outside Structural, making it \$30,000 rather than \$5,000. VOTE: 5-0

Enns thanked Cannon, Morro Bay staff and Brookins for their contributions to the preparation of the FY 2009-2010 budget.

3. Discussion and Consideration to Amend the JPA Agreement for the Process of Presenting Invoices for Payment for Operations and Maintenance Expenses

Enns announced he has spoken with Peters and District Counsel and there is consensus that if the bill is sent quarterly it will be paid. He stated it is the intent of the JPA that the bill is paid quarterly; he asked and received consensus from the Board. Slayton thanked him.

4. Schedule Next Joint Meeting and Agenda Items.

Enns recommended a Technical Subcommittee Meeting to address financing, Cannon's report, including building components, and Peters suggested formalizing the idea of the invoice. Staff was asked to coordinate.

Enns inquired about the status of the RFQ. Keogh stated it could be ready late summer. Peters stated it will be distributed to the District and Council for review when available.

A meeting was tentatively set for September 10, 2009.

ADJOURNMENT

The meeting was adjourned at 7:10 p.m.

Minutes recorded by: _____
Nancy Martin