

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
Craig P. Bell, Jr., Vice-President
Hal Fones, Director
Nat Raimondo, Director
Bill Gibeaut, Director

City of Morro Bay
City Council:
Janice Peters, Mayor
Betty Winholtz, Vice-Mayor
Melody DeMeritt, Councilmember
William Peirce, Councilmember
Thad Baxley, Councilmember

DATE: 7:00 p.m., Thursday, August 11, 2005
PLACE: Cayucos Elementary School
301 Cayucos Drive
Cayucos, CA 93430

MINUTES

CALL TO ORDER AND ROLL CALL

Mayor Peters called the meeting to order at 7:05 p.m. All Councilmembers were present. Morro Bay staff present were City Manager Robert Hendrix, Wastewater Division Manager Bruce Keogh, Public Services Director Bruce Ambo, and City Attorney Rob Schultz.

Cayucos Board President Enns asked the record to reflect all members of the Board were present with the exception of Director Hal Fones. Cayucos staff present were District Manager Bonnie Connelly, Supervisor of Maintenance & Operations, Bill Callahan, Account Clerk Nancy Martin and District Counsel Tim Carmel.

PUBLIC COMMENT PERIOD

Matthew Fleming, San Luis Bay Surfrider Chair, and Surfrider member Noah Smuggler each encouraged a speedy completion of the wastewater treatment plant upgrade.

Marla Bruton expressed displeasure with the cancellation of the last WWTP (JPA) meeting, scheduled for July 13, without reschedule. She added that she was only given two days notice of the August 11 meeting.

Joey Racano, Ocean Outfall Group, distributed literature and briefly presented his ABC Plan, “a regional wastewater treatment plan for the Morro Bay Estuary Watershed” which includes Los Osos, Morro Bay, and Cayucos. He stated his plan was endorsed by the Surfrider Foundation.

Steve Senate, candidate running in the upcoming recall election in Los Osos, also supported Mr. Racano's plan, as did Keith Swanson of Los Osos.

A. CONSENT CALENDAR

Mayor Peters asked if anyone wanted to pull any consent item(s). Gibeaut asked that items A-1, A-3 and A-4 be pulled.

2. Minutes of May 26, 2005 WWTP Technical Advisory Committee Meeting – Recommend approve.

Cayucos Motion: Gibeaut, Raimondo 2nd to approve the Minutes of May 26, 2005 WWTP Technical Advisory Committee Meeting, as submitted. Vote: 4-0

Morro Bay Motion: Peirce, Winholtz 2nd to approve the Minutes of May 26, 2005 WWTP Technical Advisory Committee Meeting, as submitted. Vote: 5-0

1. Minutes of May 19, 2005 Meeting – Recommend approve.

Gibeaut asked that the minutes of the May 19, 2005 meeting be amended, eliminating from Page 3, fourth paragraph of Item 3, "for the purpose of researching depreciation issues", and Page 4, second paragraph of Item 5, "depreciation research", as he insisted there had been no referral of the depreciation issue to the subcommittee.

Cayucos Motion: Gibeaut, Raimondo 2nd to approve the Minutes of May 19, 2005 meeting, as amended. Vote: 4-0

Morro Bay Motion: Peirce, Baxley 2nd to approve the Minutes of May 19, 2005 meeting, as amended. Vote: 5-0

3. Wastewater Treatment Plant (WWTP) Operations Report through June 30, 2005 (Keogh) – Recommend receive and file.

Gibeaut asked for the feasibility of Cayucos Sanitary District staff participation in Morro Bay City training seminars. Referring to the seminar held June 8 and 9, Keogh stated that that seminar was part of City-wide training but that he would look into it. He pointed out that the recent Confined Space Training seminar listed in his operations report was arranged by Bill Callahan, with Morro Bay providing the meeting place, and that both the District and Morro Bay staff attended.

With regard to composted biosolids available to the public for free, Winholtz asked how the product is advertised. Keogh said through the Morro Bay public service newsletter, AGP Video and by word of mouth. Enns suggested that the Sanitary District include a note on the bi-monthly billing statements generated. Gibeaut added that the information can be posted on the Cayucos Sanitary District website (cayucosd.org), as well.

Cayucos Motion: Gibeaut, Raimondo 2nd to approve item A-3, as submitted. Vote: 4-0

Morro Bay Motion: DeMeritt, Peirce 2nd to approve item A-3, as submitted. Vote: 5-0

4. Financial Status Report as of May 31, 2005 (Koser) – Recommend receive and file.

Gibeaut inquired about budget line item 6411, Property Damage, being the same figure for three consecutive years. It was pointed out that that figure represents an insurance premium. He also asked for clarification of line items 8510 and 8720, Transfer to City (Support) and Rent Distribution, and suggested that answers be directed to District Manager Connelly.

Cayucos Motion: Gibeaut, Bell 2nd to approve item A-4, as submitted. Vote: 4-0

Morro Bay Motion: DeMeritt, Baxter 2nd to approve item A-4, as submitted. Vote: 5-0

B. UNFINISHED BUSINESS

Gibeaut asked for item B-1 to be pulled until there has been discussion of items C-2 and C-3.

- B-2. Status Report on the Full Secondary WWTP Upgrade 9½ Year Time Schedule

Keogh's written report was received. He stated that the meeting with the Regional Water Quality Control Board (RWQCB) of July 15 went well and that Regional was pleased with progress made. With regard to the renewal of the NPDES discharge permit, it was agreed that a 301(h) modified discharge permit for the first five-year permit cycle, followed by a full secondary treatment permit with interim effluent limitations (two five-year cycles) be pursued, and that a settlement agreement is being drafted at this time. He stated that Regional Board staff are pushing to have the permit renewal hearing at the December 2, 2005 RWQCB meeting. Keogh noted that the application for a Water Quality Certification pursuant to Section 401 of the clean Water Act had been denied without prejudice but will be refiled, and that he will keep the City and District apprised as information is received.

Mayor Peters, responding to reference made during Public Comments to the cancellation of the scheduled July WWTP (JPA) meeting, stated that at that time there was nothing for the two governing bodies to discuss, with the treatment plant upgrade process in the preliminary stages. She added that it was not cancelled to avoid the schedule.

Keogh suggested discussion of agenda Item C-1 after Items C-2, C-3 and B-1, which are all budget items.

C. NEW BUSINESS

- C-2. Consideration of Whether or Not to Record Depreciation Expense Within the FY 05-06 Budget

Gibeaut reported that he met with Jim Koser, Morro Bay Finance Director, and that Mr. Koser had made reference to the WWTP as an enterprise fund. Gibeaut stated he believes that the WWTP is not being treated as an enterprise fund and that it should be set up as such, with funding of depreciation for future replacement costs. Discussion ensued, with Mayor Peters and Councilmember Baxter pointing out that the audit reported that Morro Bay follows generally accepted accounting practices and that the treatment plant is set up as a separate fund, an enterprise fund. Additionally, an annual adjustment is made to book depreciation expense at the treatment plant. City Manager Hendrix stated that under current account standards, non-enterprise and enterprise funds are handled the same way with regard to depreciation. He stated that as City Manager he feels Morro Bay is treating depreciation in an appropriate way.

With disagreement between the Council and the District of accounting practices used for the treatment plant, Enns asked for Mr. Koser to provide clarification over whether or not the plant is set up as an enterprise fund and to address depreciation funding issues raised by the District. Enns thereafter recommended deferring the agenda item to the WWTP Technical Advisory Committee and to seek clarification from Auditor Robert Crosby.

- C-3. Consideration of Whether or Not to Establish a Capital Outlay Fund for Replacement of WWTP Facilities, in Accordance with Sections G and I(15) of the Joint Powers Agreement

Item C-3 was deferred to the WWTP Technical Advisory Committee.

- B-1. Consideration to approve FY 05-06 Budget

Gibeaut had questions regarding line items 8510, Allocated Cost (Trfr to G/F), and 8730 (Fixed Asset Depreciation). Item B-1 was deferred to the WWTP Technical Advisory Committee.

- C-1. Update on the Preparation for Request for Proposal (RFP) for Facility Master Plan for WWTP Upgrade

Keogh reported he has begun developing the RFP outlining the scope of work for the Facility Master Plan, looking at what capacity needs will be, what treatment alternative will be included, what scope of work is anticipated, and whether or not the District wants to participate in the study of tertiary treatment at the present facility. Although the Facility Master Plan is scheduled to begin in December 2006, according to the Compliance Schedule, Keogh stated that both Boards have expressed the desire to move the project forward as quickly as possible. Gibeaut commended Keogh for this work thus far but felt the RFP should be put on hold until Task 1 has been accomplished.

There was discussion, thereafter, of holding monthly meetings with the full governing bodies or of holding subcommittee meetings at least once a month with special meetings called for decision making by the full governing bodies. With the difficulty in scheduling meetings with a quorum of both governing bodies, it was ultimately decided that the next regular meeting would be held September 8 in Morro Bay, with a subcommittee meeting on August 25, 7:30 a.m. in Morro Bay with Auditor Robert Crosby in attendance, and for discussion of Keogh's staff report of May 13, 2005 ("the white paper").

President Enns called for a break at 8:25 p.m.. The meeting resumed at 8:35 p.m..

C-4. Discussion About Designation of an Official Spokesperson for Media and Public Contact Purposes Concerning the WWTP Upgrade Project

Enns suggested securing someone as a spokesperson to keep the public informed, as well as to avoid misinformation during the treatment plant upgrade. Both governing bodies recommended Keogh and all recognized, including Keogh, that he is basically already providing that service regarding technical aspects of the project; however, legal issues would have to be addressed by the attorneys. Baxter stated he hoped Keogh would come forward when overworked. There was no motion made.

C-5. Discussion About the Possibility of Contracting or Hire of a Public Information Officer for the WWTP Upgrade Project

Mayor Peters and Councilmember DeMeritt did not see the need for a public information officer in Morro Bay, as the community is well informed through the televised City Council meetings. It was suggested that the District consider looking into an information officer for Cayucos. Enns stated that at this time it would not be necessary but in the future could become a possibility.

C-6. Discussion About the Possibility of Contracting for Services of a Schedule Coordinator for WWTP

Enns expressed fears that the project is not moving forward on schedule and reported that David Stringfield of Carollo Engineers had offered his services to facilitate the process. Peters stated it would be a conflict of interest for Mr. Stringfield to assume that role.

Keogh reported that a technical consultant will be monitoring all phases of the project. However, he anticipates the first task will be the most difficult to stay on track with but assumes that both attorneys will be available to mediate discussion between the City and the District during that first year.

Enns suggested regular subcommittee meetings. Baxter added that monthly subcommittee meetings will ensure knowledge of progress being made.

C-7. Schedule Next Joint Meeting and Agenda Items

The next regular joint meeting will be held Thursday, September 8, 2005 in Morro Bay. A subcommittee meeting is scheduled for August 25, 2005 in Morro Bay.

D. ADJOURNMENT

Cayucos Motion: Bell, 2nd Raimondo for the meeting to adjourn. VOTE: 4-0

Morro Bay Motion: Peirce, Winholtz for the meeting to adjourn. VOTE: 5-0

The meeting was adjourned at 9:00 p.m.

Minutes recorded by: _____
Nancy Martin