

**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  
Bud McHale, Vice-President  
Harold Fones, Director  
Shirley Lyon, Director  
Michael Foster, Director

**City of Morro Bay City Council:**

Janice Peters, Mayor  
Carla Borchard, Vice-Mayor  
Noah Smukler, Councilmember  
Betty Winholtz, Councilmember  
Rick Grantham, Councilmember

**AGENDA**

**MEETING DATE:**

4:00 p.m., Thursday, October 14, 2010

**MEETING PLACE:**

Cayucos Veterans Hall  
10 Cayucos Drive  
Cayucos CA 93430

**HOSTED BY:**

Cayucos Sanitary District

**CALL TO ORDER AND ROLL CALL**

**PUBLIC COMMENT PERIOD**

Members of the audience wishing to address the governing bodies on Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) business matters may do so at this time. By the conditions of the Brown Act, the governing bodies may not discuss issues not on the agenda, but may set items for future agendas. When recognized by the Chair, please come forward to the podium and state your name and address for the record. Comments should be limited to three minutes. All remarks shall be addressed to the governing bodies, as a whole, and not to any individual member thereof. This governing body requests that you refrain from making slanderous, profane, or personal remarks. Please refrain from public displays or outburst such as unsolicited applause, comments, or cheering. Any disruptive activity that substantially interferes with the ability of this governing body to carry out its meeting will not be permitted and offenders will be requested to leave the meeting. Your participation in JPA meetings is welcome and your courtesy will be appreciated.

**A. CONSENT CALENDAR**

1. Minutes of September 9, 2010 JPA Meeting – Recommend approve.

**B. OLD BUSINESS**

1. Status Report on Upgrade Project as of October 6, 2010– Recommend receive and provide direction to staff

**C. NEW BUSINESS**

1. Report from TAC Members on the September 16, 2010 TAC meeting – Verbal
2. Scope of JPA TAC and History of TAC – Recommend Receive and provide direction to staff
3. Discussion and Consideration to Award a Contract to Carollo Engineers for Updating the 1999 Cayucos/Morro Bay Comprehensive Recycled Water Study – Recommend approve
4. Presentation of Draft Environmental Impact Report – Receive public testimony (Cannot start before 6pm)
5. Presentation of Preliminary Project Cost Estimates from PERC Water – Recommend receive and file
6. Presentation of Preliminary Project Cost Estimates from MWH – Recommend receive and file
7. Discussion and Consideration of Contract Scope and Cost for Third Party Review and Analysis of the MWH/and PERC Projects and Project Cost Estimates – Recommend receive, provide direction to staff and award contract
8. Schedule Next Joint Meeting and Agenda Items

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

Copies of staff reports and other public documentation relating to each item of business for this meeting are available for inspection at Morro Bay City Hall at 595 Harbor Street and the Cayucos Sanitary District at 200 Ash Ave. A copy of this packet is available from the City of Morro Bay for copying at Mills Copy Center and from the Cayucos Sanitary District for a copy and duplication charge. Any person having questions regarding any agenda items may contact Bruce Keogh, Wastewater Division Manager (City of Morro Bay) at 772-6261 or Bill Callahan, District Manager (Cayucos Sanitary District) at 995-3290.

Materials related to an item on this Agenda submitted to the Morro Bay/Cayucos Wastewater Treatment Plant Joint Powers Authority after distribution of the agenda packet are available for public inspection at; Public Services Office at 955 Shasta Avenue, Morro Bay, CA 93442; Morro Bay Library at 625 Harbor Street, Morro Bay, Ca 93442; Mills/ASAP Reprographics at 495 Morro Bay Boulevard, Morro Bay, CA 93442 during normal business hours.

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

**MINUTES**

**CAYUCOS SANITARY DISTRICT  
BOARD OF DIRECTORS:**

Robert Enns, President  
R.H. Bud McHale, Vice-President  
Harold Fones, Director  
Michael Foster, Director  
Shirley Lyon, Director

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

Janice Peters, Mayor  
Carla Borchard, Vice-Mayor  
Rick Grantham, Councilmember  
Noah Smukler, Councilmember  
Betty Winholtz, Councilmember

**MEETING DATE:**

6:00 p.m., Thursday, September 09, 2010

**HOSTED BY:**

City of Morro Bay

**MEETING PLACE:**

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

**CALL TO ORDER AND ROLL CALL**

Mayor Peters called the meeting to order at 6:08 p.m. and asked that the record show all Council members are present. President Enns stated Hal Fones is absent and all other members of the Cayucos Board are present.

Morro Bay Staff members present were Bruce Keogh, Rob Livick, Andrea Lueker, Rob Schultz, Dylan Wade and Cindy Jacinth. Also present was JPA WWTP Project Manager Dennis Delzeit

Cayucos Staff members present were Bill Callahan, Jon Hanlon, and District Counsel Tim Carmel.

**PUBLIC COMMENT PERIOD**

Members of the audience wishing to address the governing bodies on Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) business matters may do so at this time. By the conditions of the Brown Act, the governing bodies may not discuss issues not on the agenda, but may set items for future agendas. When recognized by the Chair, please come forward to the podium and state your name and address for the record. Comments should be limited to three minutes.

Mayor Peters opened the Public Comment period.

- Bill Wells passed out a handout and spoke about the water use of the proposed plant and the RWQCB permit and questioned the lack of infrastructure available for water reclamation and why water is being cleaned to put it in the ocean.
- Bill Martony spoke about the reuse of the water. He said farmers are willing to pay for the water and a delivery system is available with several ways to get water to farmers. Farmers have superior water use rights to the City of Morro Bay and are on the edge of overdrafting the aquifer.
- John Barta, resident of Morro Bay, agreed everyone wants clean water but stated there are other considerations. He encouraged the Board to do a deep financial analysis of the contract.

- Bill Yates, resident of Morro Bay, said majority rules, but yet a minority of town has decided they don't want it. He said the citizens of Morro Bay voted for state water and if the City is reclaiming water, they still get state water delivery whether they reclaim or not.
- Ann Reeves, resident of Morro Bay, observed that the taxpayers of Morro Bay have asked for other solutions and the Board is not willing to listen.
- Joey Raccano, claimed corruption by MWH on other projects and that a Morro Bay staff person has a conflict of interest and need to find a project that is a better solution.
- Judy Newman, resident of Morro Bay, is appalled that the project is considered as a sole source contract. She asked for a full and open discussion with each of the contracts.
- Bob Stahler, farmer on Highway 41, asked what the incremental costs for agriculture would be if water is reclaimed as this would be an availability of fresh water.
- David Nelson, resident of Morro Bay, agreed with Mr. Bob Stahler. He spoke in favor of the PERC Company and purple lines and wants to be shown why trench design is better than PERC.
- Matt Hudgens, business owner of Morro Bay and resident of Cayucos, spoke on behalf of Surfrider Foundation. He said the project should be sustainable, affordable, use green technologies, minimize environmental impact, reduce bio-solids, and reduce energy consumption.
- Grant Crawl stated this situation is not apples to apples. One project has a guaranteed price while the other does not. He encouraged people to check their facts and encouraged the Board to watch the movie Blue Gold which discusses water balance.
- Chuck Cesena, resident of Los Osos and member of the Los Osos CSD Board, spoke of his experience with the Los Osos project and the importance of project financing. He said relationships are important and stressed the need to be wary.
- Steve Owen of PERC Water Company, gave an update to state they are still working and will have a CDR ready soon. Also, PERC would bring 100% of the financing to the table, so there would be no need for bonds. He noted that the property is a tough site.

Hearing no further comment, Mayor Peters closed the public comment period.

Mayor Peters clarified this is not a new project; there are two parallel tracks underway with other options being considered.

Councilmember Smukler announced to the public upcoming tours at the Pismo plant on September 19<sup>th</sup> from 1-3pm and on Sep. 26<sup>th</sup> from 1-3pm at the Santa Paula plant. Those interested in carpooling should contact him at 772-7668.

#### **A. CONSENT CALENDAR**

- 1 Minutes of July 8, 2010 JPA Meeting – Recommend approve.
- 2 Minutes of July 15, 2010 JPA Meeting – Recommend approve.
- 3 Wastewater Treatment Plant (WWTP) Operations Report through July, 2010 – Recommend receive and file
- 4 Status Report on the Proposal from PERC Water – Recommend receive and file.

Mayor Peters pulled Item A-4 from the Consent Calendar and Winholtz pulled Items A-2 and A-3.

**MORRO BAY MOTION:** Winholtz made a motion to approve Consent Calendar Item A-1. Borchard seconded and the motion passed unanimously (5-0).

**CAYUCOS MOTION:** McHale made a motion to approve Consent Calendar Item A-1. Foster seconded and the motion passed unanimously (4-0).

A-2. Minutes of July 15, 2010 JPA Meeting – Recommend approve.

Winholtz noted spelling errors on page 2 of the July 15, 2010 JPA Meeting minutes. Mr. Dennis Delzeit's last name should be corrected with the correct spelling of Delzeit throughout the document and also there is one spelling error of her name which is spelled Winholtz.

**MORRO BAY MOTION:** Winholtz made a motion to approve Item A-2. Borchard seconded the motion passed unanimously (5-0).

**CAYUCOS MOTION:** McHale made a motion to approve Item A-2. Lyon seconded and the motion passed unanimously (4-0).

A3. WWTP Operations Report through July, 2010– Recommend receive and file.

Winholtz asked Keogh to clarify when we will see the results of the cone penetration testing. Keogh responded that it is part of the geotechnical investigation and is expected mid-October.

Winholtz also asked if as part of the collection system upgrades, if that will resolve the peak flow results. Keogh responded that in terms of building a bigger plant, daily and monthly design flows did not change, but the peak hour flow is what changed in the analysis.

Keogh noted that infiltration in the winter months is problematic for older sewer systems. The planned repairs will hope to maintain the system and prevent it from getting worse.

Smukler thanked Keogh for the composting operation and the work that has been done for making compost available to the community.

Keogh stated the composting program will be discontinued due to space limitations and lack of treatment technologies at the new plant. The last 500 yards of compost will be available over the next 4 to 5 months.

Keogh also announced the Integrated Waste Management Authority has funded a free pharmaceutical take-back program. Pharmaceutical take back boxes will be available at all of the police stations in the county and sheriff substations. Starting September 25<sup>th</sup>, unused medications can be dropped off outside the Morro Bay Police Department for incineration and safe disposal.

**MORRO BAY MOTION:** Winholtz made a motion to approve Consent Calendar Item A3. Borchard seconded and the motion passed unanimously (5-0).

**CAYUCOS MOTION:** McHale made a motion to approve Consent Calendar Item A3. Lyon seconded and the motion passed unanimously (4-0).

A-4. Status Report on the Proposal from PERC Water – Recommend receive and file

Peters asked staff to provide an update.

Keogh responded that PERC is expected to deliver a CDR by September 23. At that time, the scope of work with Kitchell will be finalized.

Smukler asked if the CDR will be timed to coincide with MWH's presentation. Keogh stated it could come back to the board in October with the evaluation separately in November.

Winholtz requested it be agendized to come before the board.

City Manager Andrea Lueker clarified the requirement is for Kitchell to have 60 days which would not allow enough time to come to the Board before November.

Foster expressed concern regarding the financial analysis of the two plans and the need to have someone with a financial background evaluate the plans.

Livick clarified Kitchell is also qualified to do a cost analysis, both construction and life cycle costs. However, upon direction of the Board, staff can consider other firms.

Enns asked Keogh about Kitchell's scope of work. Keogh said Kitchell is still refining their scope of work. Dylan Wade added the scope will include a Net Present Value financial analysis.

Foster spoke in favor of forming a financial subcommittee in order to do the proper financial analysis. McHale spoke against forming a subcommittee but rather assign this task to the Technical Advisory Committee.

**MORRO BAY MOTION:** Peters made a motion to approve Consent Calendar Item A4. Grantham seconded and the motion passed unanimously (5-0).

**CAYUCOS MOTION:** McHale made a motion to approve Consent Calendar Item A4. Lyon seconded and the motion passed unanimously (4-0).

## **B. OLD BUSINESS**

1 Status Report on Upgrade Project as of August 27, 2010– Recommend receive and provide direction to staff

Dennis Delzeit gave a status report discussing the milestone schedule and the State Water Revolving Loan Fund status.

Foster asked Delzeit to clarify the type of contract for MWH. Delzeit said the contract is a “not to exceed contract” of \$2.7 million, not a fixed dollar amount, so the contract could be less.

Board members discussed with Delzeit the nature of “not-to-exceed” type contracts and the procedure for contract amendments and the extent of staff's ability to make contract changes or when approval is needed by the board. Delzeit clarified that staff can make changes of up to \$50,000 per item and agreed with the concern for clear communication.

Board members discussed time schedule and various tasks along with how fines are assessed. Enns asked for future reports to include percent amount billed and percent project complete.

Peters called for a short break and the meeting resumed at 7:58p.m.

## **C. NEW BUSINESS**

1 Report from TAC Members on the August 19, TAC meeting – Recommend receive and file  
Grantham gave a report summarizing discussion at the last TAC meeting.

Enns asked Carmel to clarify the voting procedure for the TAC meetings pertaining to minutes. Carmel clarified the meetings are informal with no formalized procedure for voting. Enns also asked if public comment is appropriate for the TAC. Carmel responded that the procedure is open and public comment can be received either at the beginning or during each item.

Board members discussed with Carmel the responsibilities and role of the TAC members and to agendize this topic for the next TAC meeting.

2 Discussion and Confirmation of the Role of the WWTP Project Manager - Recommend receive and provide direction to staff

Keogh gave a staff report requesting clarification regarding the project manager's role in the upcoming analysis of the proposal by PERC Water and the scope and review of the MWH and PERC analysis by Kitchell. Lueker presented additional information clarifying that Dennis Delzeit as the Project Manager could provide beneficial information to the City.

Board members discussed:

- The value of having Delzeit as the Project Manager who can provide correct information to the community in order to provide greater transparency and improve public relations.
- The appropriateness of having Delzeit assist with the analysis and whether that constitutes a conflict of interest or whether Kitchell can provide a third party neutral analysis. In addition, whether Delzeit as the project manager should be involved in every aspect of the upgrade project.
- The cost of making adjustments to Delzeit's contract to include this review and analysis. Delzeit said approximately \$5,000 which is included in the \$250,000 contract.

Delzeit clarified with his experience he can contribute by thoroughly analyzing both options. He said part of his responsibility is to answer questions from the public.

**CAYUCOS MOTION:** McHale moved that the role of the Project Manager include assistance with the analysis of the PERC CDR. Lyon seconded the motion and the motion passed unanimously (4-0).

**MORRO BAY MOTION:** Grantham moved that Dennis Delzeit participate in the scope of work and review of the MWH PERC analysis by Kitchell. Borchard seconded the motion.

Motion passes 3-2. Winholtz and Smukler opposed.

**MORRO BAY MOTION:** Grantham moved that Dennis Delzeit be the responsible party to disseminate public relations information. Borchard seconded the motion.

Smukler asked to clarify with this amendment to the contract, does the \$5,000 estimate include both of these additions. Delzeit said the \$5,000 will cover both.

Motion passes unanimously (5-0).

**CAYUCOS MOTION:** McHale made the same motion as Morro Bay. Lyon seconded the motion. No vote taken.

Foster asked to clarify definition of time and materials not to exceed contract. Wade clarified it is a common contract approach. The contract is a hybrid of both time and materials and not to exceed.

3 Consideration and Discussion of Conceptual Site Plan for the WWTP Upgrade Project - Recommend receive and provide direction to staff

Delzeit presented a report and turned it over to Steve Hyland of MWH for presentation. Hyland presented conceptual site plans A & B for the upgrade project with considerations including visitor focus, the moving the household hazardous waste facility, plant deliveries and hauling, and Atascadero Road traffic. Hyland noted the Site Plan B involves moving the road and household hazardous waste facility which would enable a more compact site footprint.

Livick clarified for Board members it is necessary to have a site plan in the EIR so the site plan can evaluate those impacts.

Board members discussed the:

- Impacts of the road change to the yard and concrete company. Winholtz asked how this plan will affect

the Corporate Yard and the concrete company. Wade clarified there will be no impacts to the concrete company but it would significantly affect the Corporate Yard.

- Concerns about inherent volatility of the site for natural disasters.
- Hazardous material storage relocation. Livick clarified the IWMA trailer is flood-proof and they are working with the IWMA to minimize the cost of hazardous waste storage relocation.
- Changing the road orientation on the entry road
- Different amounts of engineered fill required for each site plan in order to build above the 100 year flood level. Hyland noted the design is preliminary and will continue to be refined, but this concept process allows the EIR to go forward.

Enns said at the August TAC meeting, the committee members agreed that they liked site plan B better and site zoning was also discussed. Livick clarified that the zoning of existing site is M1 which allows for light industrial type uses with an overlay that would allow trailer storage. It is tough to permit the building of any permanent structures in the flood plain.

Board members continued to discuss whether the road could be moved over to the jointly held property. Hyland said it is difficult at this time to pin down the best and exact location of where the road should be.

**MORRO BAY MOTION:** Borchard made a motion to approve Plan B alternative for the EIR. Grantham seconded the motion.

Enns asked Borchard if the motion includes moving the exit road from the Corporate Yard to the other side and in consideration to move that other entry road to the south side of the current administration building.

Borchard agreed and amended the motion to include making the changes to move the road. Grantham seconded the amended motion.

Motion passed 4-1. Smukler opposed.

**CAYUCOS MOTION:** McHale made a same motion as Morro Bay with amendments.. Lyon seconded the motion. Motion passed unanimously (4-0).

#### 4 Consideration and Discussion of Architectural Treatment for the WWTP Upgrade Project - Recommend receive and provide direction to staff

Delzeit presented the Project Manager's report.

Hyland summarized the architectural report presented at the 8/19/10 Technical Advisory Committee (TAC) meeting and introduced Pat Blote, Architect from RRM Design. Blote presented the preliminary architectural concepts that were presented at that August TAC.

Blote suggested the more industrial building forms and showed 3D images of various architectural styles, emphasizing these design are still preliminary.

Board members asked if proposing a two story in the EIR limits the JPA to only designing a two story. Livick clarified that a one story would have less impact in an EIR, so it would be better to put in a two story design now and change it to a 1 story later.

Board members continued lengthy discussion with the architect regarding:

- The merits of a one story design versus a two story design, including the cost of an elevator system in a two story design.
- Landscaping features and trees to be included or not.
- Proposed "green" design features.

- Appearance of building and impression for visitors to the plant.
- The need for public input.

**MORRO BAY MOTION:** Winholtz made a motion that the design blend in with the beach and to be a one story. Motion failed for lack of a second.

**MORRO BAY MOTION:** Peters moved to approve the general concept, we would like to see a one story option and if that is more is feasible to go that direction and to make it blend in with the beach look. Grantham seconded the motion. Motion passed unanimously (5-0)

**CAYUCOS MOTION:** McHale made a motion to approve the same motion as Morro Bay. Lyon seconded the motion. Motion passed 3-1. Foster opposed.

5 Presentation of Preliminary Project Cost Estimates for the WWTP Upgrade Project – Recommend receive and provide direction to staff

This item has been pulled from the agenda.

Peters and Smukler asked staff to clarify for the public why this item was pulled. Delzeit stated that cost estimate information was recently received by MWH that needs to be evaluated by staff prior to presentation of this agenda item.

Board members expressed frustration at not having this information tonight.

6 Schedule Next Joint Meeting and Agenda Items

Board members discussed potential future agenda items which included:

- Review and define the task of the initial TAC.
- Foster proposed creation of a Citizens Advisory Committee and a Financial Risk Assessment committee. Board members discussed whether or not to agendize this and asked Carmel to clarify the requirements for consenting to agendize an issue.
- Board members discussed possibility of re-arranging public comment.

Carmel clarified the requirements of the Brown Act which require consent of 3 members to agree placing agenda items. Board members agreed to put on the next agenda discussion on public comment.

Smukler asked staff to consider room capacity for future JPA meetings.

Board members determined the next JPA meeting will be 6:00 p.m. on October 14<sup>th</sup>, 2010 in Cayucos.

**ADJOURNMENT**

Peters adjourned the meeting at 10:18 p.m.

Minutes Recorded by:

Cindy Jacinth, Morro Bay Public Services Dept.

STAFF REPORT

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

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

**From:** Dennis Delzeit, P.E., Project Manager

**Date:** October 14, 2010

**Subject:**  
Status Report on Upgrade Project as of October 6, 2010.

**Recommendation:**  
By motion, receive this report and provide staff with comments and direction as deemed appropriate by the City Council and the District Board.

**Fiscal Impact:**

- Each of the consultants on the project are within their current contract budgets.
- The draft Environmental Impact Report was released to the public on September 20. The compliance schedule that is contained in the discharge permit required the release of the document by February 27, 2009. The permit stipulates a potential fine of \$100 per day for failure to meet project milestones. The potential fine exposure is approximately \$54,200. The MBCSD is communicating with the RWQCB regarding specific schedule issues. All fines are eliminated if the project is completed by March 31, 2014. The project schedule proposes to meet that deadline.

**Discussion:**  
The draft EIR was released to the public on September 20 and ESA gave a presentation overview to the Planning Commission on October 4.

Major Milestone Schedule<sup>1</sup>

- |  |                   |
|--|-------------------|
| • PERC CDR Presentation to the JPA   | October 14, 2010  |
| • Presentation of Draft EIR at a JPA meeting:  | October 14, 2010  |
| • Submittal of Kitchell analysis of the PERC CDR   | Undetermined      |
| • Deadline for draft EIR public comments:  | November 4, 2010  |
| • Conceptual review of the Conditional Use Permit, Coastal Permit and Draft EIR, Planning Commission Meeting     | December 6, 2010  |
| • Council considers certifying the EIR and approval of the Conditional Use Permit and Coastal Development Permit | January 10, 2011  |
| • Submit SRF Application to the State Board  | February 11, 2011 |

<sup>1</sup> This schedule is a condensed version of a detailed project schedule that contains 43 work tasks.

- Issuance of Financing Agreement May 11, 2011
- Submit first disbursement request to State Board May 11, 2011
- Completion of the Design October 5, 2011
- Advertise for Construction Bids November 17, 2011
- Receive Construction Bids January 11, 2012
- Award Construction Contract, after receiving State Revolving Loan Approval March 1, 2012
- Start Construction March 8, 2012
- Completion of Construction January 31, 2014
- Achieve full compliance with federal secondary treatment Requirements March 31, 2014
  
- Design:
  - MWH presented preliminary site plans, architectural plans and related preliminary design documents to the JPA on September 9th.
  - Fugro has finished their field program and is finalizing their geotechnical report.
  - The property boundary survey has been authorized to be done by EDA. After that, the site survey and aerial survey will occur.
  - MWH has finalized their revised project cost estimate and it will be presented at the October 14 JPA meeting.
  - Contract Fee Status:
    - Contract Amount: \$2,700,000.00
    - Addendum #1, updated flows and loadings: \$ 9,000.00
    - Addendum #2, advanced treatment options: \$ 9,600.00
    - Addendum #3, three additional public presentations, 6-16-10 JPA-Ox Ditch v MBR; June 17 TAC-title 22; 8-19-10 TAC-site plan and architectural concepts. \$ 17,600.00
    - Addendum #4, new cost estimate \$ 18,700.00
    - Addendum #4, boundary survey, aerial topographic mapping, City aerial topo mapping: \$ 41,300.00
    - Revised MWH Contract Amount: \$2,796,200.00
    - Amount Billed to Date: \$ 227,992.49
    - Amount Remaining: \$2,568,207.51
    - Percent of Contract Billed: 8.15%
  
- Environmental:
  - The DEIR was issued to the State Clearing House for public release on September 20.
  - A public presentation of the DEIR was made to the Planning Commission on October 4 and a follow up presentation will be made to the JPA on October 14.
  - The deadline for public comment to the EIR is November 4.
  - Contract Fee Status:
    - Contract Amount: \$333,431
    - Amount Billed to Date: \$286,237
    - Amount Remaining: \$ 47,194

▪ Percent of Contract Billed: 85.85%

- Coastal Development Permit and Conditional Use Permit
  - The CDP and CUP applications were submitted to the City.
  - The next steps include: deeming the application complete; circulating internally for comments; distributing to the resource agencies for review and comment; preparing and publishing public notices; preparing staff reports; receiving Planning Commission and City Council Approval.
  
- State Revolving Fund Loan:
  - Credit Review Check List: The Urban Water Management Plan must be updated. This will occur this year.
  - The Environmental Impact Report must be certified in order to qualify for the SRF loan.
  - JPA Agreement: The City and the District are in the process of updating the JPA Agreement. The loan application will be a single application submitted by the JPA.
  - Delzeit/WG developed a tracking sheet to keep track of the various application attachments. This information was disseminated to MBCSD staff on 10/6/10, and further refinement of the list and assigned staff will follow. SRF application timeline will then be input into the overall Project Schedule. It is envisioned that the initial funding agreement can be completed by Spring 2011, and disbursement requests for expended planning and design costs may begin by Summer 2011.
  - It is noted that Meghan Brown of State Board will resign from her current position; thus, a new State Board staff will be assigned to the SRF Loan process in the following month.
  
- Project Manager:
  - Prepared staff reports for the September and October JPA meetings;
  - Participated in the September 9 JPA meeting;
  - Interview with David Snead of the Tribune;
  - Participated in the PERC presentation on September 23;
  - Solicited a water reuse plan update from Carollo;
  - Reviewed the lead and asbestos report;
  - Updated the monthly report to the JPA;
  - Prepared a letter to the RWQCB regarding the project schedule;
  - Participated in the project team meetings;
  - Prepared an updated FAQ document for updating the web site;
  - Coordinated with MWH and MBCSD regarding MWH extra services;
  - Updated the master project schedule, for staff and consultant usage;
  - Updated the milestone schedule, less detailed for public usage;
  - Updated the information for the web site;
  - Participated in the JPA Technical Committee Meeting on September 9;
  - Participated in a SRF meeting with City and District staff;
  - Prepared the CUP and CDP Application and submitted it to City Staff;
  - Communicated/coordinated with MWH and ESA;
  - Coordinated with Kitchell on the PERC peer review;

- Reviewed MWH's monthly invoice;
- Responded to a public inquiry;
- Contract Fee Status:
  - Original Contract amount: \$250,000.00
  - Contract Amendment PERC \$ 5,000.00
  - Revised Contract Amount: \$255,000.00
  - Amount billed to date: \$ 11,672.25
  - Amount remaining: \$243,327.75
  - Percentage of contract billed: 4.58%

## **STAFF REPORT**

### **MORRO BAY-CAYUCOS J.P.A**

#### **WASTEWATER TREATMENT PLANT**

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

**From:** Bill Callahan, District Manager, Cayucos Sanitary District

**Date:** September 20, 2010

**Subject:** History of JPA Technical Advisory Committee (TAC) and Discussion of Scope and Role of JPA TAC in the Future

#### **Recommendation:**

Staff recommends the TAC continue to meet with the primary objective of amending the current JPA. Staff also recommends the Board and Council assign additional items requiring preliminary review to this committee, on an as needed basis.

#### **Fiscal Impact:**

The fiscal impact for TAC meetings differs between the City and District. Impacts are based on additional hours invested by Consultants, Council Members, and Directors.

#### **Background:**

Staff was instructed to report back on the history of TAC meetings relating to the current WWTP Project at the last JPA meeting. This request by the Board and Council was made in an effort to clarify the role/scope of the TAC moving forward.

Staff reviewed meeting minutes from previous TAC meetings beginning in January of 2004. The most recent reference to the TAC and its formation is referenced at the May 19, 2005 JPA meeting. It appears that the this committee was conceived originally as an informal Ad Hoc Committee which met under the title of "Special Subcommittee" and evolved into a regular TAC Committee after two meetings took place. At this point it became apparent that the subcommittee would meet regularly and therefore fall under the definition of a "standing committee", requiring the Council and Board to comply with the provisions of the Brown Act for each meeting.

The following is a list of meetings that outlines the date of each meeting, agenda items for each meeting, and committee members:

**JPA Meeting, May 19, 2005**

The Board and Council assigned the topic of a “Discussion of Revised Draft Time Schedules for the WWTP Upgrade” to a committee consisting of: Thad Baxley, Betty Winholtz, Robert Enns, and Hal Fones.

**Special Subcommittee Meeting, May 26, 2005**

**Committee:** Baxley, Winholtz, Enns, Fones

- Agenda Items:**
- 1) Timeline for the WWTP Upgrade
  - 2) Terms of JPA Agreement
  - 3) WWTP Equipment Replacement Fund Analysis

**Special Subcommittee Meeting, August 25, 2005**

**Committee:** Baxley, Winholtz, Enns, Gibeaut

- Agenda Items:**
- 1) Consideration of Whether or Not to Record Depreciation Expense Within the FY 05-06 Budget
  - 2) 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 JPA
  - 3) Terms of Topics Related to Task One of the 9.5 Year Compliance Schedule

**Technical Advisory Committee Meeting, September 29, 2005**

**Committee:** Baxley, Winholtz, Enns, Gibeaut

- Agenda Items:**
- 1) Discussion Regarding Draft Agreement for Issuance of Permits to and Upgrade of Morro Bay–Cayucos Wastewater Treatment Plant (WWTP)
  - 2) Review and Discuss Terms of the JPA Agreement as it Relates to WWTP Upgrade

**Technical Advisory Committee Meeting, July 10, 2007**

**Committee:** Pierce, Winholtz, Enns, McHale

- Agenda Items:**
- 1) Discussion of Capacity and Flow Related Language in the JPA as it Relates to the WWTP Upgrade
  - 2) Discussion of Potential Site Locations Relating to the WWTP Upgrade
  - 3) Discussion of Alternative Disinfection Methods for the WWTP Upgrade

**Technical Advisory Committee Meeting, August 27, 2009**

**Committee:** Peters, Grantham, Enns, Lyon

- Agenda Items:**
- 1) Discussion of Flood Study Results for WWTP and Potential Offsite Improvements
  - 2) Discussion of WWTP Footprint to be Included in the EIR
  - 3) Discussion of Real Property Negotiations
  - 4) Discussion of WWTP Project Schedule

**Technical Advisory Committee Meeting, March 26, 2010**

**Committee:** Peters, Grantham, Enns, Lyon

- Agenda Items:**
- 1) Discussion of Project Management for the WWTP Upgrade Project
  - 2) Discussion of Proposed Revisions to the Current JPA
  - 3) Discussion and Status Report on the CEQA Process for the WWTP Upgrade Project
  - 4) Discussion of SRF Loan Process
  - 5) Discussion of Establishing a Regular Meeting Schedule for the TAC

**Technical Advisory Committee Meeting, April 15, 2010**

**Committee:** Peters, Grantham, Enns, Lyon

- Agenda Items:**
- 1) Discussion of Scope of Work for Project Management for the WWTP Upgrade Project
  - 2) Discussion of SRF Loan Process
  - 3) Discussion of Plan to Amend JPA Agreement

**Technical Advisory Committee Meeting, May 20, 2010**

**Committee:** Peters, Grantham, Enns, Lyon

- Agenda Items:**
- 1) Discussion of Draft JPA Definitions
  - 2) Discussion of Structural Changes to JPA: Procedure and Governance

**Technical Advisory Committee Meeting, June 17, 2010**

**Committee:** Peters, Grantham, Enns, Lyon

- Agenda Items:**
- 1) MWH Presentation on Tertiary Treatment and Title 22 Design Considerations

### **Technical Advisory Committee Meeting, July 15, 2010**

**Committee:** Peters, Grantham, Enns, Lyon

- Agenda Items:**
- 1) Review of Amended Draft JPA Definitions
  - 2) Review of Amended Draft JPA Governance Sections
  - 3) Review of Draft Finance Agreement between the City of Morro Bay and Cayucos Sanitary District to Facilitate Acquisition of State Revolving Fund (SRF) Loan

### **Technical Advisory Committee Meeting, August 19, 2010**

**Committee:** Peters, Grantham, Enns, Lyon

- Agenda Items:**
- 1) Review and Discussion of Conceptual Site Plan for WWTP Upgrade Project
  - 2) Review and Discussion of Architectural Treatment
  - 3) Review of Amended Draft JPA Governance Sections
  - 4) Review of Draft Finance Agreement between the City of Morro Bay and Cayucos Sanitary District to Facilitate Acquisition of State Revolving Fund (SRF) Loan

### **Discussion:**

Based on a review of past TAC meeting agendas and minutes, the scope of the TAC has covered a wide variety of items relating to the JPA and new WWTP Project. The initial idea behind this committee was to provide a smaller work group comprised of two elected officials from the City and the District who, along with staff, could work through some of the technical details associated with this project. After each TAC meeting committee members were required to come back and report on items of discussion at following JPA meeting. The TAC would make a recommendation when appropriate on specific items discussed at the TAC.

### **Conclusion:**

Staff has found the TAC to be a helpful forum for a wide range of topics relating to the upgrade. This committee provides the opportunity for an additional monthly meeting to review and discuss project related material that has and will continue to require rapid turnaround by staff, Board, and Council in order to keep this project moving forward and meet deadlines agreed to with the RWQCB. An alternative to holding regular TAC meetings would be to establish a Board and Council commitment to hold two regular JPA meetings each month through the life of the project, as necessary.

## STAFF REPORT

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

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

**From:** Dennis Delzeit, P.E., Project Manager

**Date:** October 14, 2010

**Subject:** Discussion and consideration to Award a Contract to Carollo Engineers for Updating the *1999 Cayucos/Morro Bay Comprehensive Recycled Water Study*

***Recommendation:***

By motion, approve the award of contract to Carollo Engineers in the amount of \$75,000 and authorize staff to approve any necessary amendments up to a maximum of 15% of the contract amount.

***Fiscal Impact:***

Approval of the contract will have a fee estimated not to exceed \$75,000. It is also requested that staff be granted approval to amend the contract if deemed necessary with a budget not to exceed 15% of the contract fee (\$11,000).

***Background and Discussion:***

The *1999 Comprehensive Recycled Water Study* provides a thorough evaluation of reclamation options and feasibility. It contains a master plan for water reuse and identifies a \$15,480,000 infrastructure capital improvement program. The Study states:

"In conclusion, the viable reuse projects developed in this report are implementable and do not have any identifiable fatal flaws. However, the cost to implement these projects would be an extreme burden to the dischargers..."

The 1999 study is a comprehensive document that outlined and analyzed a broad suite of reclamation options. However, it is becoming out of date and current circumstances regarding the upgrade project justify an upgrade. Since the preparation of this plan, the MBCSD is upgrading the plant to tertiary treatment to meet Title 22 standards for disinfected secondary-23 recycled water; the public has expressed a renewed desire to pursue reclamation during public comment on the upgrade project; the viability of potential reuse sites may have changed; there may be new potential reuse sites that were not evaluated in 1999.

It is not mandatory that the MBCSD update the 1999 plan. However there are several benefits that warrant consideration:

- The MBCSD will have an updated plan with cost estimates that can be utilized as both a financial and planning guide;
- The updated plan will serve as a clear communication document to the community in identifying the plan, the components that will make up the plan and the cost to implement the plan;
- MBCSD will continue to pursue grant funding opportunities as they become available for the purpose of funding the water reuse infrastructure. The updated plan will be a necessary element of any grants that become available for water reuse projects. It should be noted that competition for grants is extremely fierce and the MBCSD will need a good master plan to secure funds for this purpose.

If the current wastewater upgrade project is appealed to the California Coastal Commission, it will communicate the MBCSD's good faith efforts to implement a program to recycle wastewater. This will improve the chances that the appeal will be overturned.

At the MBCSD's request, Carollo Engineers submitted a proposal to update the 1999 plan. One of the important work tasks include a public workshop for the purpose of obtaining the public's input. The engineer that prepared the 1999 report, Tracy Clinton, would be preparing the update. She is a specialist in water reuse plans and is highly respected in this field.

***Options:***

1. Deny the proposal to update the *1999 Cayucos/Morro Bay Comprehensive Recycled Water Study*.
2. Approve the award of the \$75,000 contract to Carollo Engineers for updating the study and authorize staff to amend the contract if deemed necessary with a budget not to exceed 15% (\$11,000).
3. Identify tasks that would be deleted or added to the scope of services and direct staff to negotiate with Carollo and return to the JPA with a revised contract proposal for review and approval.

**Attachment:**

Carollo Proposal Letter, October 6, 2010

October 6, 2010

City of Morro Bay  
955 Shasta Ave  
Morro Bay, California 93442

Attention: Mr. Dylan Wade, P.E., Utilities/Capital Projects Manager

Subject: Proposal for Engineering Services to Prepare the City of Morro Bay and Cayucos Sanitary District (MBCSD) Recycled Water Master Plan Overview (RWMP)

Dear Mr. Wade:

In accordance with your request, we are pleased to submit this letter proposal to provide engineering services for the MBCSD RWMP. This letter proposal provides a Scope of Work and Proposed Budget to complete the study.

Carollo Engineers, Inc. (Carollo) previously completed the Comprehensive Recycled Water Study in 1999 (1999 Study). Now that the MBCSD is in the process of upgrading the wastewater treatment plant (WWTP) to include tertiary filtration and accommodate water reuse, an update to the 1999 Study is needed.

Carollo's scope is comprised of eight (8) tasks including an update of the demand or "market" analysis, an alternatives analysis ranging from urban/agricultural irrigation to stream flow augmentation, and public outreach. A detailed Scope of Work is included in Exhibit A (enclosed). The Proposed Budget to complete these tasks is \$75,000, and a detailed breakdown of hours and fees are included in Exhibit B (enclosed).

Carollo proposes to complete the RWMP by January 2011 and have a final report to deliver to the Joint Powers Agreement (JPA) Board in February 2011. While this schedule is realistic, it hinges upon receiving information from the MBCSD, including an updated list of potential reuse sites, soon after receipt of the Notice to Proceed, and also on the extent of public involvement.

Carollo has assembled a team with extensive knowledge of recycled water, familiarity with the MBCSD, and experience with the water issues facing the County of San Luis Obispo (County). The team will be led by Lou Carella, P.E. (partner) out of our Walnut Creek office. Lou will provide technical review of the study as well participate in the preparation of material for the stakeholder outreach and progress meetings with MBCSD staff. Lou will also attend both the stakeholder outreach and final JPA Board presentation meetings. One of Lou's many roles at Carollo is the review of recycled water studies, furthermore he is intimately involved with the County Master Water Plan, which includes a large water reuse component.

The project manager for the study will be Tracy Clinton, P.E. (Associate) also out of our Walnut Creek office. Tracy provides a wealth of recycled water knowledge having developed over 50 reuse plans and recently conducted similar studies for the Los Carneros Water District and City of Livermore. Tracy was also involved with the Facility Master Plan (FMP) recently completed

Mr. Dylan Wade  
City of Morro Bay and Cayucos Sanitary District  
October 6, 2010  
Page 2

for the MBCSD, and served as the Project Manager for the 1999 Study. Aside from general project management, Tracy will lead the stakeholder outreach meetings, make presentations to the JPA Board, and oversee the preparation of the RWMP.

Serving as Project Engineer will be Eric Casares, P.E. out of our Fresno office. Eric has experience with wastewater facility planning and design, and served as the Project Engineer for the MBCSD's FMP. He is currently working on numerous projects in the County such as the Los Osos Wastewater Project, which includes treatment facilities and infrastructure to serve a recycled water program. Eric will lead the preparation of the RWMP and serve as the primary point of contact for both City and District staff.

We look forward to completing this work for the MBCSD. Should you need additional information, or have questions regarding our proposal, please feel free to call us. We look forward to hearing from you.

If you agree with this proposal, please let us know so we can plan to attend the next JPA Board meeting on October 14, 2010.

Sincerely,

CAROLLO ENGINEERS,



Louis J. Carella, P.E.  
Partner

LJC:cjp

Enclosures: Exhibit A – Scope of Work  
Exhibit B – Labor and Budget Estimate

**Scope of EXHIBIT A**  
**CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT**  
**RECYCLED WATER MASTER PLAN OVERVIEW - 2010**

**SCOPE OF WORK**

**DRAFT – October 05, 2010**

**BACKGROUND**

In 1999 Carollo Engineers, Inc. (Carollo) developed a Comprehensive Recycled Water Study (1999 Study) for the City of Morro Bay and the Cayucos Sanitary District (MBCSD). This study presented the regulatory requirements for recycled water use, defined the existing wastewater treatment and future expected treatment needs, developed and screened several reuse alternatives, and provided a recommended alternative. Today, several conditions have changed, namely: the wastewater treatment plant is being upgraded to produce tertiary filtered effluent to meet Title 22 standards for disinfected secondary-23 recycled water. The upgrade will accommodate future improvements to produce disinfected tertiary recycled water (i.e. unrestricted reuse).

The MBCSD wishes to update the 1999 Study to explore the use of recycled water with the above listed changes in mind. While the MBCSD is very fiscally minded, they have indicated that they would like a thorough update to the plan that considers a variety of potential recycled water sites including industrial, irrigation, and stream flow augmentation. Therefore, the following scope of work outlines the suggested plan for identifying and developing the main phasing and components of a MBCSD Recycled Water Master Plan Overview (RWMP).

**SCOPE OF WORK**

**Task 1 – Data Acquisition and Review**

Relevant background information will be provided by the MBCSD as applicable to the development of the Recycled Water Master Plan Overview. This information will be used to develop an understanding of the data. Limited budget is allotted for this task. Information to be reviewed includes the following resources:

- Chorro Valley Alternatives Analysis by Cannon Associates (Cannon)
- Facility Master Plan (FMP) and FMP Amendment 1 by Carollo
- FMP Amendment 2 by Montgomery Watson Harza (MWH)
- dEIR
- 2005 Urban Water Management Plan (UWMP) by AECOM
- City of Morro Bay Water Management Plan (2009)

## **Task 2 - Demand Analysis**

The demand, or “market”, was previously identified, quantified, and located in the 1999 Study. A map and summary tables for both potential irrigation (Table 5.2) and industrial (Table 5.7) reuse sites were developed. As part of this study, the City will perform an initial review of these tables, and advise Carollo on which sites continue to be viable. The map and tables will be revised and included in the plan. The City’s review of these sites is critical for the completion of this task and overall schedule for completion of the RWMP. The demands to be included are: on-site WWTP uses, urban irrigation, agricultural irrigation, and industrial/process uses. The 1999 Study will be used as a resource for as much information as possible or when information is lacking.

While the 1999 Study evaluated ten potential stream flow augmentation sites, a brief analysis will be included in the RWMP for Morro Creek (Site 23) and Chorro Creek (Site 31). The report previously prepared by Cannon for the Chorro Alternative will be used to develop this analysis.

Groundwater recharge will not be considered at this time. However, a brief description of why groundwater recharge is not a viable option will be included in the study. In the 1999 Study, the area of Cayucos was found to be impractical to serve with recycled water due to the small demands and great distance from the wastewater source, which both led to high transmission costs. This will also be assumed to be true for this RWMP.

## **Task 3 - Supply Analysis**

The recycled water supply is considered as the MBCSD wastewater treatment plant (WWTP) located on Atascadero Road. The treatment, expected wastewater quality, and flows will be assumed the same as previously presented in the dEIR and FMP Amendment 2. Irrigation uses will be considered as seasonal while the industrial uses will be considered as year round. Irrigation water quality parameters such as salinity (EC, TDS), SAR, sodium, chloride, boron, bicarbonate, pH, ammonia, and nitrate will be considered. The City will provide updated testing for parameters that will not be affected by the anticipated upgrades to the WWTP. Constituents affected by the upgrades, mainly ammonia and nitrate, will be assumed based on information in the FMP and applicable amendments. If needed, updated irrigation and rainfall data will be used when defining recycled water demands. Any updated data will be provided to Carollo by MBCSD staff.

## **Task 4 – Regulatory Requirements**

Today’s regulatory requirements for recycled water urban/agricultural irrigation and industrial/process uses will be defined. The State Recycled Water Policy adopted in spring 2009 will also be briefly discussed regarding salt and nutrient management and runoff considerations.

Applicable City ordinances related to the use of recycled water outside of the City limits will be provided by the City for inclusion in this Overview.

### **Task 5 - Stakeholder Outreach**

One (1) town hall-style meeting will be conducted towards the beginning of the plan to present the scope of the RWMP to the community and gain input. Viable reuse sites and alternatives will be presented. Based on community response, direction will be provided by the City as to the desired revisions to the scope of work for the RWMP. Please note, extensive changes from the community could add additional time, scope and budget. The City will coordinate with in-house and community interests and conduct all planning logistics.

### **Task 6 - Alternatives Analysis**

Alternatives for bringing recycled water to the region will be considered. Up to four (4) alternatives will be considered at a planning/conceptual level. The alternatives will be based on Title 22 acceptable uses and respective level of treatment. The alternatives assumed at this time are:

- Alternative 1 - the uses corresponding to the treatment defined by the dEIR for the immediate upgrade of the WWTP (i.e. disinfected secondary-23).
- Alternative 2 - the highest level defined by Title 22 for unrestricted use requirements for irrigation and process uses, including treatment upgrades as defined in FMP Amendment 2.
- Alternative 3 – agricultural irrigation uses. A discussion and planning-level cost estimate will be included for advanced treatment as required. For agricultural irrigation, the most likely treatment considerations are microfiltration (MF) and reverse osmosis (RO).
- Alternative 4 – stream flow augmentation, specifically for Morro Creek and Chorro Creek including advanced treatment.

The alternatives will be identified, quantified, located, and then summarized in a spreadsheet based on distance from the WWTP source (i.e. those located closest to the WWTP listed first then expanding out to further distances). The spreadsheet will contain: the user name, their corresponding demand, their distance from the WWTP (or the user located before them), and an estimated planning level cost for that segment of the system. The segment costs can then be added for a complete system or phased based on financial considerations. Cost estimates developed for the alternatives will be planning level and no rate discussion will be provided.

Staffing levels envisioned to accommodate the range of scenarios will also be included. In addition to staffing, storage needs for each alternative will be determined. For the purposes of this plan, provisions for one day of storage will be provided.

### **Task 7 - Draft and Final Recycled Water Master Plan Overview**

A draft report will be prepared to incorporate the findings from the above tasks. An electronic copy of the draft report will be submitted for review and input. MBCSD comments will be summarized and provided as one combined set for incorporation.

Comments from the MBCSD will be incorporated and a final report prepared. Four (4) paper copies and a read-only electronic copy of the final report will be submitted.

### **Task 8 - Project Management and Progress Meetings**

Overall project management and coordination will be provided throughout the duration of the project. This will include monthly progress status summaries, team coordination, regular communication with MBCSD staff, etc.

One (1) project progress meeting is assumed and budgeted for this project.

One (1) JPA Board meeting is slated at the end of the plan, and will be used to present the findings of the plan to the joint powers authority (JPA) board.

### **ASSUMPTIONS:**

1. MBCSD will provide pertinent information in the form of previous studies completed.
2. MBCSD will provide the wastewater treatment and flows to be used.
3. MBCSD will provide updated water quality information for constituents that are not expected to be affected by anticipated upgrades to the WWTP.
4. MBCSD will review and update lists of reuse sites previously identified in the 1999 Study.
5. MBCSD to plan and coordinate for stakeholder outreach meeting logistics including meeting notification.
6. MBCSD will make copies of materials for community distribution for the outreach meeting.
7. The pipeline distances will be estimated based on the 1999 Study and GIS mapping and no modeling will be conducted.

### **ENGINEER Deliverables:**

1. Draft report – 1 electronic copy

2. Final report – 4 hard copies and 1 electronic copy
3. Monthly Progress Status Summaries
4. Scope Review Meeting PowerPoint presentation
5. Project Progress Meeting PowerPoint presentation

**EXHIBIT B**

**Morro Bay/Cayucos Sanitary District (MBCSD)  
Recycled Water Master Plan Overview**

**Labor and Budget Estimate**

Task No.	Description	L. Carella	T. Clinton		E. Casares		C. Padilla	Total Hours	Carollo Labor Cost	Printing	Trips	Cost Per Trip <sup>(1)(2)</sup> @0.55\$/mi	PECE \$ 9.0	Other Direct Costs <sup>(3)</sup>	Total Costs
		Senior Professional \$ 234	Lead Project Professional \$ 213	Project Professional \$ 197	Professional \$ 165	CAD Drafting/Graphics (Support Staff) \$ 100	Word Processing \$ 90								
1	Data Acquisition and Review	0	4	0	8	0	0	12	\$2,172				\$108	\$108	\$2,280
2	Demand Analysis	0	4	0	16	4	0	24	\$3,892				\$216	\$216	\$4,108
3	Supply Analysis	0	4	0	8	0	0	12	\$2,172				\$108	\$108	\$2,280
4	Regulatory Requirements	0	4	0	4	0	0	8	\$1,512				\$72	\$72	\$1,584
5	Stakeholder Outreach/Scope Mtg	8	12	0	12	4	0	36	\$6,808		1	\$1,178	\$324	\$1,502	\$8,310
6	Alternatives Analysis	4	24	0	80	8	0	116	\$20,048				\$1,044	\$1,044	\$21,092
7	Draft and Final Recycled Water Study														
	7.1 Draft Study	4	8	0	40	12	24	88	\$12,600				\$792	\$792	\$13,392
	7.2 Final Study	4	8	0	24	4	12	52	\$8,080	\$500			\$468	\$968	\$9,048
8	Project Management, Prog Mtg, and JPA Mtg	12	16	0	20	4	2	54	\$10,096		2	\$2,355	\$486	\$2,841	\$12,937
<b>TOTALS</b>		<b>32</b>	<b>84</b>	<b>0</b>	<b>212</b>	<b>36</b>	<b>38</b>	<b>402</b>	<b>\$67,380</b>	<b>\$500</b>	<b>3</b>	<b>\$3,533</b>	<b>\$3,618</b>	<b>\$7,651</b>	<b>\$75,031</b>

**Notes:**  
 (1) Mileage based on 750 miles and 300 miles round trip.  
 (2) Includes \$200/night/person hotel charges  
 (3) Other direct costs include printing, mileage, and project equipment and communication expense.

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

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

**From:** Bill Callahan, District Manager, Cayucos Sanitary District

**Date:** October 7, 2010

**Subject:** Presentation of Draft Environmental Impact Report

**Discussion:**

The MBCSD consultant, ESA, will provide a presentation and receive public testimony during the October JPA meeting. Copies of the draft Environmental Impact Report (EIR) can be found on the Morro Bay City Web Site.

*\*See attached "Notice of Availability" for information regarding the EIR .*



## NOTICE OF AVAILABILITY

---

### Draft Environmental Impact Report

**Date:** September 17, 2010

**To:** Responsible Agencies, Trustee Agencies, Interested Parties

**Lead Agency:** City of Morro Bay

**Project Title:** Morro Bay–Cayucos Wastewater Treatment Plant Upgrade Project

**Review Period:** September 20, 2010 to November 4, 2010

**State Clearinghouse No:** 2008101138

**Project Description:** This Notice of Availability (NOA) has been prepared to notify agencies and interested parties that the City of Morro Bay as the Lead Agency has prepared a Draft Environmental Impact Report (Draft EIR) to provide the public and trustee agencies with information about the potential effects on the local and regional environment associated with the Morro Bay–Cayucos Wastewater Treatment Plant Upgrade (WWTP Upgrade Project or proposed project). The proposed project would provide full secondary treatment for all effluent discharged through its ocean outfall and to provide tertiary filtration capacity equivalent to the peak season dry weather flow (PSDF) of 1.5 million gallons per day (mgd). The tertiary filtered effluent would meet Title 22 standards for disinfected secondary-23 recycled water and as such could be used for limited beneficial uses. The proposed project would accommodate future improvements to produce disinfected tertiary recycled water for unrestricted use in accordance with Title 22 standards. The Morro Bay and Cayucos Sanitary District anticipates reclaimed water end uses would include, but not be limited to, treatment process applications onsite at the WWTP, landscape irrigation around the perimeter of the WWTP, and offsite municipal and industrial (M&I) applications such as dust control, soil compaction, street cleaning, municipal landscape irrigation, and agricultural irrigation.

**Project Location:** The proposed project would be located at 160 Atascadero Road in the City of Morro Bay in San Luis Obispo County. The City of Morro Bay and the unincorporated community of Cayucos are located on the coast of California along State Route 1 approximately 14 miles northwest of the City of San Luis Obispo. The WWTP is located in the coastal zone and is adjacent to Morro Dunes R.V. Park and Trailer Storage, Morro Bay High School, Morro Creek, the City of Morro Bay Corporation Yard, and Hanson Heidelberg Cement Group (cement plant).

**Public Review and Comments:** The City of Morro Bay is soliciting comments from the public about the Draft EIR prepared for the proposed project. The Draft EIR will be used by the City of Morro Bay and

Cayucos Sanitary District when considering approval of the proposed project. Pursuant to Section 21091 of the Public Resources Code, the City has established a 45-day review period that begins **September 20, 2010** and ends **November 4, 2010**. Comments on the Draft PEIR should be sent to Rob Livick, Public Services Director at the address shown below.

Rob Livick, PE/PLS  
City of Morro Bay, Public Services Department  
955 Shasta Avenue, Morro Bay, CA 93442  
(805) 772-6268 Fax  
rlivick@morro-bay.ca.us

**Document Availability:** Copies of the Draft EIR are available as follows:

- City of Morro Bay Web Site ([www.morro-bay.ca.us/water/water.htm](http://www.morro-bay.ca.us/water/water.htm));
- Cayucos Sanitary District Web Site ([www.cayucossd.org](http://www.cayucossd.org))
- Morro Bay Public Library (625 Harbor Street, Morro Bay);
- Cayucos Library (248 S. Ocean Avenue, Cayucos);
- Morro Bay Public Services Department (955 Shasta Avenue, Morro Bay);
- Wastewater Treatment office (160 Atascadero Road, Morro Bay);
- Cayucos Sanitary District (200 Ash Street, Cayucos);
- ASAP reprographics – for purchase (495 Morro Bay Blvd, Morro Bay)

**Public Meetings:** Two public meetings will be held to receive public comments regarding the scope, content, and analysis provided of the Draft EIR. The meetings will include a brief presentation providing an overview of the proposed project and conclusions of the Draft EIR. After the presentation, oral comments will be accepted. Written comment forms will be supplied for those who wish to submit comments in writing at the public meeting; written comments may also be submitted anytime during the 45-day Draft EIR review period. The Draft EIR will be available for public review through **October 31, 2010**. The public meetings will be held as follows:

Date	October 4, 2010	October 14, 2010
Time	6:00 P.M.	6:00 P.M.
Location	Morro Bay Planning Commission Meeting Veterans Memorial Hall 209 Surf St. Morro Bay, CA	WWTP JPA Meeting Veterans Hall 10 Cayucos Drive Cayucos, CA

**Deadline:** All comments on the Draft EIR must be submitted in writing to Rob Livick at the City of Morro Bay Public Services Department at the address shown above by **5:00 PM on November 4, 2010**.

## STAFF REPORT

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

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

**From:** Dennis Delzeit, P.E., Project Manager

**Date:** October 14, 2010

**Subject:** Presentation of Preliminary Cost Estimates from PERC Water

**Recommendation:** Receive and file

***Fiscal Impact:***

Currently the JPA has committed a not to exceed fee of \$25,000 to Kitchell for the analysis of the PERC CDR and a not to exceed fee of \$5,000 to Dennis Delzeit for the project management of the Kitchell proposal and review of the PERC CDR. Also, MWH has prepared an updated cost estimate for a fee not to exceed \$18,700. The financial commitments listed above totals \$48,700.

Additional financial commitments are anticipated in the evaluation and processing of the PERC proposal.

***Background and Discussion:***

At the June 16, 2010 JPA meeting PERC agreed to provide a Customized Design Review (CDR) of the project within sixty days at no cost to the City or District. On September 23, PERC offered to release the incomplete CDR under the stipulation that each person that received the CDR would sign a confidentiality statement. This was unacceptable. The September 23 CDR did not contain the cost data.

Time is of the essence in completing the project prior to the March 31, 2014 final deadline. This project is under a compliance schedule in accordance with the discharge permit.

At the June 16 meeting the JPA authorized Kitchell to perform a peer review of the CDR at a cost not to exceed \$25,000. Kitchell has been unable to submit a final proposed work scope and fee without reviewing the CDR. The Kitchell peer review is discussed in more detail in another staff report on this agenda.

Basically, the PERC proposal is anticipated to present an alternative method of upgrading the wastewater treatment plant through various alternatives:

- Design-Build
- Design-Build-Operate
- Design-Build-Operate-Finance

*Options:*

1. Receive and file this report. Assuming that PERC submits the full CDR the Kitchell proposed work scope and fee will be presented at the November JPA meeting.
2. Cancel any further action to evaluate the PERC proposal.

## STAFF REPORT

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

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

**From:** Dennis Delzeit, P.E., Project Manager

**Date:** October 14, 2010

**Subject:** Presentation of Preliminary Project Cost Estimates from MWH

**Recommendation:** Receive and file.

***Fiscal Impact:***

1. The preparation of the cost estimate is an additional contract service that was requested in connection with the PERC proposal. The not-to-exceed fee is \$18,700.
2. The cost estimate will provide the MBCSD with valuable data for financial planning purposes.

***Background and Discussion:***

MWH was requested by the City Council and the District Board to prepare a project cost estimate update.

Additional project cost estimates are included in the contract requirements with MWH for submittal at the 30%, 60%, 90% and 100% design stages.

MWH will present the cost estimate in a PowerPoint presentation at the JPA meeting on October 14th.

***Options:***

1. Receive and file the cost estimate.
2. Provide direction as deemed appropriate.

## STAFF REPORT

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

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

**From:** Dennis Delzeit, P.E., Project Manager

**Date:** October 14, 2010

**Subject:** Discussion and Consideration of Contract Scope and Cost for Third Party Review and Analysis of the MWH and PERC Projects and Project Cost Estimates

**Recommendation:** Receive, provide direction to staff and award contract.

***Fiscal Impact:***

1. The \$25,000 not to exceed contract amount for the Kitchell peer review was established by the JPA at the meeting of June 16, 2010. This amount cannot be exceeded without authorization of the JPA.
2. At the September 9, 2010 JPA meeting, the project manager, Dennis Delzeit, was authorized a fee not-to-exceed \$5,000 to coordinate the PERC CDR and Kitchell peer review.

***Background and Discussion:***

At the June 16, 2010 JPA meeting PERC agreed to provide a Customized Design Report (CDR) of the project within sixty days at no cost to the City or District. At this meeting the JPA also authorized Kitchell to perform a peer review of the CDR at a cost not to exceed \$25,000.

There have been several attempts by Kitchell to develop a scope of services, fee and schedule for the peer review. Draft proposals were submitted by Kitchell to the MBCSD as follows:

- August 27, 2010: A fee of \$24,000
- September 1, 2010: A fee of \$25,000
- September 23, 2010: A fee of \$32,000

According to the commitment made by PERC at the June 16th JPA meeting, the CDR was to be submitted no later than August 16th. It is anticipated that the CDR will be released at the October 14 JPA meeting.

Kitchell will be unable to submit a final work scope, fee and schedule for approval by the Council and District Board until the PERC CDR is received. However, time is of the

essence. The JPA is subject to fines of \$100 per day for failure to meet certain project milestone deadlines that are identified in the discharge permit.

*Options:*

1. Discuss and provide direction to staff as deemed appropriate.
2. Receive and file this report.
3. Cancel all activity on the proposed Kitchell contract.
4. If PERC submits the CDR at the October 14th JPA meeting, authorize staff and the project manager to negotiate a work scope, schedule and fee between \$32,000 and \$50,000 and award the contract with Kitchell. This option will save time.
5. If PERC submits the CDR at the October 14th JPA meeting, authorize staff and the project manager to negotiate a work scope, schedule and fee between \$32,000 and \$50,000 and return to the November JPA meeting with a recommendation for the JPA to award the contract to Kitchell.
6. If the suggested contract amounts in options 4 and 5 are not acceptable, identify another not to exceed contract limit.
7. Provide alternate direction to staff in regards to third party review.