

**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
Harold Fones, Director
Shirley Lyon, Director
Michael Foster, Director
Vacant, Director

City of Morro Bay City Council:

William Yates, Mayor
Noah Smukler, Vice-Mayor
Carla Borchard, Councilmember
Nancy Johnson, Councilmember
George Leage, Councilmember

AGENDA

MEETING DATE:

3:00 p.m., Thursday, January 13, 2011

MEETING PLACE:

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

HOSTED BY:

City of Morro Bay

CALL TO ORDER AND ROLL CALL

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 November 18, 2010 JPA Meeting – Recommend approve

B. OLD BUSINESS

1. Status Report on Upgrade Project as of December 31, 2010– Recommend receive and provide direction to staff

C. NEW BUSINESS

1. Schedule Next Joint Meeting and Agenda Items

ADJOURNMENT - (Next meeting will be hosted by the Cayucos Sanitary District)

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.

AGENDA ITEM: _____ A-1 _____

DATE: _____ January 13, 2011 _____

ACTION: _____

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

MINUTES

**CAYUCOS SANITARY DISTRICT
BOARD OF DIRECTORS:**

Robert Enns, President
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, November 18, 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 6:05 p.m. and asked that the record show all Council members are present. President Enns stated Shirley Lyon 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, Susan Slayton and Cindy Jacinth. Also present was JPA WWTP Project Manager Dennis Delzeit

Cayucos Staff members present were Bill Callahan, Lou Brookins, 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.

- Jack McCurdy, Morro Bay resident, announced that the Coastal Commission has submitted comments on the design and upgrade of the WWTP project which can be accessed on the SLO Coast Journal website and read some highlights of the Commission's written comments. He urged all to read the Commission's comments.

- Barry Brannon urged the Board to put a moratorium or suspension on the present contract in consideration of the comments from the Coastal Commission's letter.

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

A. CONSENT CALENDAR

- 1 Minutes of October 14, 2010 JPA Meeting – Recommend approve.
- 2 Minutes of September 16, 2010 JPA TAC Meeting – Recommend approve.
- 3 (WWTP) Operations Report through September, 2010 – Recommend receive and file

MORRO BAY MOTION: Borchard made a motion to approve Consent Calendar Items A1-3. Grantham seconded and the motion passed unanimously (5-0).

CAYUCOS MOTION: McHale made a motion to approve Consent Calendar Items A1-3. Fones seconded and the motion passed unanimously (4-0).

B. OLD BUSINESS

- 1 Status Report on Upgrade Project as of November 10, 2010 – Recommend receive and provide direction to staff.

Dennis Delzeit gave a status report discussing the milestone schedule of activities for the upgrade project and noted the public comment period expiration date of 11-4-10 for the Draft Environmental Impact Report (DEIR) was extended one week later in order to allow receipt of the Coastal Commission's comments.

Board members discussed the status of the DEIR and the receipt of the Coastal Commission's letter dated 11-12-10 including:

- Whether the Planning Commission will have a second meeting in December and whether staff will respond to public comment received on the DEIR prior to the Planning Commission meeting. Livick clarified yes, he will respond to all comments submitted and clarified there will be a Planning Commission meeting on the third Monday of December.
- Whether the Board should continue to pay ESA's contract since the DEIR was not acceptable to the Coastal Commission. Board members discussed waiting to see the response prior to making a decision. Foster questioned the status of not-to-exceed contracts when the consultant bills for additional services.
- Delzeit clarified that additional work requested that is not known at time of contract signing is eligible for additional payment. Livick also noted that costs to re-do the DEIR would not be included in the contract and clarified that would be considered additional work because the DEIR produced by the consultant was based on the direction of the Board.

Delzeit continued his report to explain the State Revolving Loan Fund requires an adopted and approved Urban Water Management Plan in which the City is required to participate in the Urban Water Conservation Council. Delzeit and Wade clarified that the City did not join the Conservation Council in 2005, but is submitting an alternate plan to show that the City will exceed the conservation requirements of the plan.

C. NEW BUSINESS

- 1 Presentation of FY 08-09 Audit for the WWTP –Recommend accept
Susan Slayton, Administrative Services Director introduced the auditor Bob Crosby for discussion.

Crosby summarized the audit report and the individuals sections of the report and thanked everyone for their

assistance.

MORRO BAY MOTION: Borchard moved to accept the 08-09 Audit as submitted. Grantham seconded and the motion carried unanimously (5-0).

CAYUCOS MOTION: McHale moved to accept the 08-09 Audit as submitted. Fones seconded and the motion carried unanimously (4-0).

2 Discussion on JPA Policy concerning the public comment period at meetings – Recommend receive and provide direction to staff.

Schultz gave a staff report providing the Board with information regarding the Brown Act noting that the majority of public agencies have a public comment period both at the beginning of the agenda and before each agenda item. Schultz explained that Morro Bay's policy has been to hold public comment only at the beginning of the meeting.

Board members discussed whether to add additional public comment periods prior to each agenda item in addition to the beginning of the meeting and whether changing the City's policy would cause meetings to run too long.

- Grantham suggested the City Council's policy for public comment periods be utilized for JPA meetings. Borchard and Smukler spoke in favor of maintaining flexibility.
- Winholtz spoke in favor of having public comment both at the beginning and at each agenda item. Foster agreed with Winholtz noting that the public should have a full opportunity to comment.
- Peters suggested a time limit be established in order to not prolong the meeting. McHale agreed with Peters.
- Enns spoke in favor of having public comment after each topic is presented, which allows the public to get the benefit of hearing the staff report and getting a better understanding of the information presented that perhaps might change a person's comment.

Mayor Peters opened the Public Comment period.

- Nancy Bast, resident of Morro Bay, agreed with Chairperson Enns and noted that additional public comments can help to stimulate debate.
- Richard Margetson, resident of Morro Bay, agreed with Enns and stressed consistency for public comment issues, noting that the Brown Act was set up to facilitate public comment not hinder it. Margetson spoke against having public comment reduced to less than 3 minutes.

Hearing no further comment, Mayor Peters closed the Public Comment period.

Board members continued discussion on whether to expand public comment opportunities and whether the time limit of three minutes should be decreased in the interest of maintaining focus on agenda business.

Smukler agreed with the importance of having three minutes and inquired if it would be legal to defer one's three minutes to another speaker. Schultz responded that this could be included in the policy if the Board decided.

Peters asked if the Council would like to delay a decision on changing Public Comment since the Council is changing with the next JPA meeting and asked Cayucos for their preference.

Enns said he was satisfied with Cayucos' existing policy. McHale noted some jurisdictions' policy is to require

a motion by 9:45pm, to allow for a continuance of the meeting.

3 Discussion and Consideration to Form a Citizens Advisory Committee and Financial Risk Assessment Committee

Keogh noted no staff report was prepared as this is a joint staff and Board discussion. Foster clarified his position that the JPA have a subcommittee for a Citizens Advisory Committee and Financial Risk Assessment Committee in order to have proper oversight of costs.

Board members discussed whether to form a committee by taking applications from interested community members and whether enough qualified applications could be received due to the technical nature.

Borchard spoke against having additional committees formed and favored instead having a second JPA meeting each month instead. Grantham and Peters also spoke against forming another committee.

McHale and Enns stated they were not in favor of forming another committee.

Foster noted his objection to the Technical Advisory Committee was due to the wide number of issues it covers.

Mayor Peters opened the Public Comment period:

- Barry Brannon, resident of Morro Bay, stated the public's dissatisfaction is with the results that staff has brought to the JPA Board and expressed concern that staff stated they would approve the DEIR.
- Richard Margetson, noted there is financial expertise in the community that could favorably benefit the Board through applications submitted.
- Piper Riley, resident of Los Osos, stated this is a repeat of where Los Osos was. She encouraged the Board to take seriously the Coastal Commission's letter even if it is signed only by staff.

Hearing no further comment, Mayor Peters closed the Public Comment period.

MORRO BAY MOTION: Winholtz moved to form a financial subcommittee and take applications from both Cayucos and Morro Bay to form a five member committee on finances. Smukler seconded the motion.

Motion failed 3-2. Borchard, Grantham and Peters opposed.

No motion put forth by Cayucos.

4 Schedule Next Joint Meeting and Agenda Items

Foster expressed concern regarding the Coastal Commission's letter and the need to take action to control costs by setting another meeting. Carmel noted since Foster's comments are not an agenda item, the Board cannot take any action tonight on the Coastal Commission staff letter. Carmel clarified the environmental and permitting process involves the Planning Commission who makes a recommendation to the City Council. Cayucos has very little involvement in the certification and permitting process.

Smukler agreed with the need to set another meeting to discuss the Coastal Commission's 11-12-10 letter. Winholtz agreed. Livick said that the comments will be ready in time for the next JPA meeting in December. Carmel clarified that that will be a role for the City Council but not the joint Board, stating that the City Council is the entity that certifies the environmental impact report, not Cayucos.

Peters asked if the December JPA meeting can include an agenda item which would be review of staff response

to the DEIR comments. Carmel and Schultz advised against this due to a concern that due process might be tainted if the JPA hears this item prior to the Planning Commission making its recommendation.

Smukler suggested an agenda item to determine the expense of ratepayer funds at this moment and how that affects the process. Delzeit clarified the design process will not get fully underway until permits are received so therefore the project will not incur significant design costs until then.

Another agenda item Smukler asked for is Dylan Wade's site analysis in order to evaluate the information. Wade clarified the DEIR includes the Chorro Valley as a site alternative which was a prototypical example.

Board members determined the next JPA meeting will be 6:00 p.m. on December 9th, 2010 in Cayucos.

Grantham noted this is his last meeting as a Board member and thanked everyone for the experience. Peters also commented that she appreciated being able to work through the issues and work together and said thank you very much.

ADJOURNMENT

Peters adjourned the meeting at 7:51 p.m.

Minutes Recorded by:

Cindy Jacinth, Morro Bay Public Services Dept.

MEMORANDUM

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: January 5, 2011

Subject: Status Report on Upgrade Project as of December 31, 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.

Overview:

The following is a condensed overview of recent progress.

At the December 20, 2010 Planning Commission Meeting, the Planning Commission voted to recommend that the City Council deny the Conditional Use Permit (CUP) and the Coastal Development Permit (CDP) and that the Environmental Impact Report (EIR) not be certified. The Planning Commission's motions were¹:

MOTION #1:

Diodati moved the following nine criteria be used to evaluate in a screening report of properties within and outside of the City limits in a public process with the baseline of a new wastewater project proposal and that a letter be submitted to the Regional Water Quality Control Board asking for a time extension in order to conduct the site analysis:

*Flood plain impacts
Cultural resources
Visual resources
Greenhouse gases
Accommodation of build out
Water reclamation
Cogeneration opportunities
Lifecycle costs
Economic benefits*

Luhr seconded the motion.

The motion carried unanimously (4-0).

¹ These motions were taken verbatim from the audio recording. Please note that they have not been reviewed by the Planning staff or officially approved in the minutes by the Planning Commission.

MOTION #2:

Diodati moved the Planning Commission deny certification of the EIR presented for the MBCSD WWTP Upgrade and deny the Coastal Development Permit CPO-339 and Conditional Use Permit UPO-307 with the applicant: City of Morro Bay and Cayucos Sanitary District. Lucas seconded the motion.

Commissioners discussed amending the motion to include the reason for denial. The four reasons stated were the proposed project constituted a new project; the EIR analysis was insufficient, the aesthetics and insufficient scoping of the project.

Luhr and Lucas accepted these reasons as an amendment to the motion.

The motion carried unanimously (4-0).

The draft minutes of the Planning Commission Meeting of December 20, 2010 are attached for your perusal.

The City Council is scheduled to consider the Planning Commission's recommendations at the meeting of January 11, 2011. A verbal update of the City Council's action will be provided to the JPA at the January 13 meeting, along with the next steps in the permitting process.

The Draft Environmental Impact Report (DEIR) public review comment period closed on November 12 and ESA prepared written responses to comments. Chapters 9, 10 and 11 were added to the DEIR and this document is now the Final Environmental Impact Report. Chapter 9 is entitled "Comment Letters"; Chapter 10 is entitled "Response to Comments"; and Chapter 11 is entitled "Corrections and Additions to the Draft EIR"².

As described in a separate memorandum dated November 30, 2010, Montgomery Watson Harza's (MWH's) work has been detained and the preparation of the Preliminary Design Report has been suspended due to concerns raised in the California Coastal Commission's (CCC's) comment letter dated November 12, 2010.

A meeting was held with the Regional Water Quality Control Board (RWQCB) to discuss the issue as it relates to the discharge permit and the Time Schedule for upgrading the plant. The RWQCB staff is supportive of the proposed project and will provide a letter of support to the City Council prior to the January 11, 2011 City Council meeting.

The following is a summary of the project status.

Fiscal Impact:

- The Discharge Permit includes scheduling requirements that are in the Settlement Agreement. The permit stipulates a potential fine of \$100 per day for failure to meet project milestones. All of the "Conversion Schedule" deadlines have been met except for the release of the draft Environmental Impact Report. The

² The EIR is available on the City web site, the public libraries and at the public counters in Morro Bay and Cayucos. Hard copies can be purchased at ASAP Reprographics in Morro Bay.

potential fine exposure is approximately \$54,200. However, all fines are eliminated if the project is completed by March 31, 2014. The project schedule anticipates meeting the deadline.

- In the MWH contract the surveying amendment in the amount of \$41,300 is in the process of being finalized.
- In the ESA contract there is an amendment for cultural resource field testing in response to the coordination with the Northern Chumash Nation's concerns. This amendment is currently on hold pending the CUP and Coastal Permit approval and certification of the EIR. The not-to-exceed limit for this additional service is \$22,000.

Discussion:

The majority of the activity during the past month has involved Planning Commission consideration of the Environmental Impact Report, the Coastal Development Permit and the Conditional Use Permit.

The draft EIR was released to the public on September 20 and ESA gave a presentation overview to the Planning Commission on October 4 and to the JPA on October 14. The JPA requested an additional opportunity for the public to review and comment on the DEIR so a public workshop was conducted on October 28.

At the October 14 JPA meeting a Chumash representative expressed concern for the procedures outlined in the DEIR regarding cultural resources and conformance with Section 106 of the National Historic Preservation Act. In follow-up, a meeting was conducted at the plant site on October 28 with Northern Chumash Tribal Council representatives, MBCSD staff and consultants. An action plan amendment (not to exceed \$22,000) is proposed by ESA to address concerns that were raised. At the October 28 EIR workshop, a Chumash representative publicly stated that he is pleased with the MBCSD response to his concerns.

Major Milestone Schedule³

- | | |
|--|-------------------|
| • Planning Commission Recommendation: CUP/CDP and DEIR | December 20, 2010 |
| • Council considers certifying the EIR and approval of the Conditional Use Permit and Coastal Development Permit | January 11, 2011 |
| • Submit SRF loan application to the State Board ⁴ | February 11, 2011 |
| • Issuance of SRF Financing Agreement | May 11, 2011 |
| • Submit first SRF disbursement request to State Board | May 11, 2011 |
| • Completion of the Design | October 5, 2011 |

³ This schedule is a condensed version of a detailed project schedule that contains 51 work tasks. As described in the November 30, 2010 memo to the JPA, the SRF schedule will be revised when the Coastal Commission issues are concluded.

⁴ The SRF loan process is on hold as described on page 4 of this memo under the heading "State Revolving Fund Loan".

- Advertise for Construction Bids November 17, 2011
- Receive Construction Bids January 11, 2012
- Award Construction Contract, after receiving State Revolving Fund Loan Approval March 1, 2012
- Start Construction March 8, 2012
- Completion of Construction February, 2014
- Achieve full compliance with federal secondary treatment Requirements March 31, 2014

Design:

Final design of the project will resume after approval of the permits and certification of the EIR. The current focus of the MWH's work generally involves providing technical support to ESA in response to DEIR comment letters; completing the surveying, geotechnical report and conceptual floor plan layouts. The Preliminary Design Report services are suspended, pending action on the EIR, CUP and CDP.

MWH 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, new cost estimate \$ 18,700.00
- Revised MWH Contract Amount: \$2,737,300.00
- Amount Billed to Date: \$ 366,763.80
- Amount Remaining: \$2,370,536.20
- Most Recent Billing Amount (11/23/10) \$ 68,601.47
- Percent of Contract Billed: 13%

Environmental:

The Environmental Process is previously described in this report.

ESA Contract Fee Status:

- Contract Amount: \$377,320.00
- Amount Billed to Date: \$361,254.42
- Amount Remaining: \$ 16,065.58
- Most Recent Billing Amount (12/16/10) \$ 29,721.60
- Percent of Contract Billed: 96%

Coastal Development Permit and Conditional Use Permit

The status of these permits is previously described in this report under the heading "Overview".

State Revolving Fund Loan:

The State Revolving Fund loan process is on hold for reasons described below. The schedule for the SRF process will be revised when key issues are determined.

- The SRF processing is on hold pending the City's processing of the 2005 Urban Water Management Plan requirement to participate in the

California Urban Water Conservation Council. The City predicts that this may take several weeks to determine if the City's request for an exemption from this requirement will be approved.

- 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/Wallace Group 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.

Project Manager Activities:

- Updated the monthly report memo to the JPA;
- Participated in the project team meetings;
- Read and studied the Settlement Agreement;
- Met with the Regional Water Quality Control Board staff on December 7 regarding the Coastal Commission letter;
- Prepared the meeting summary memo;
- Reviewed the new EIR Chapters 9,10 and 11;
- Attended the December 20 Planning Commission Meeting;
- Staff debriefing meeting on December 21;
- Communications with MWH contract amendments;
- Attended the JPA meeting on November 18 in Morro Bay;
- Provided web site update information to the City;
- Updated the project schedule;
- Responded to Jack McCurdy's requests for information;
- Responded to Neil Farrell's (Tolosa Press) request for information;
- Responded to Colin Rigley's (New Times) request for information;

Contract Fee Status:

▪ Original Contract amount:	\$250,000.00
▪ Contract Amendment PERC	\$ 3,000.00
▪ Revised Contract Amount:	\$253,000.00
▪ Amount billed to date:	\$ 46,297.39
▪ Amount remaining:	\$206,702.61
▪ Most Recent Billing Amount (11-8-10)	\$ 9,416.32
▪ Percentage of contract billed:	18%

Attachment: Draft Minutes of the December 20, 2010 Planning Commission Meeting

CITY OF MORRO BAY
PLANNING COMMISSION
SYNOPSIS MINUTES

(Complete audio- and videotapes of this meeting are available from the City upon request)

Veteran's Memorial Building
Regular Meeting, 6:00 p.m.

209 Surf Street, Morro Bay
December 20, 2010

Vice-Chairperson Gerald Luhr
Commissioner Jamie Irons

Chairperson Vacant

Commissioner Michael Lucas
Commissioner John Diodati

Rob Livick, Secretary

I. CALL MEETING TO ORDER

Vice-Chairperson Luhr called the meeting to order at 6:00 p.m.

II. PLEDGE OF ALLEGIANCE

Michael Lucas led the pledge.

III. ROLL CALL

Vice-Chairperson Luhr took roll and noted that all Commissioners are present with the exception of former Chairperson Nancy Johnson.

Staff Present: Rob Livick, Kathleen Wold, Bruce Keogh, Dylan Wade, Rob Schultz and Andrea Lueker

IV. ELECTION OF CHAIR AND VICE-CHAIR

MOTION: Luhr moved to nominate Commissioner Diodati as Chair and Lucas seconded the motion. The motion carried unanimously (4-0).

MOTION: Diodati moved to nominate Commissioner Irons as Vice-Chair and Lucas seconded the motion. The motion carried unanimously (4-0).

V. ACCEPTANCE OF AGENDA

Lucas moved to accept the Agenda and Vice-Chairperson Irons seconded the motion. The motion carried unanimously (4-0).

VI. DIRECTOR'S REPORT/WRITTEN COMMUNICATIONS

Rob Livick briefed the Commission on the status of the following:

- Completion of the North Main project, and
- Cancellation of the City Council meeting of December 27, 2010 noting that the City Council has voted to move future Council meetings to the second and fourth Tuesdays.

Chairperson Diodati inquired whether the Council had discussion regarding the vacant Planning Commissioner seat. Livick clarified that the Council has set January 24th as the date to interview prospective candidates.

VII. PUBLIC COMMENT

Diodati opened the Public Comment period:

- Janice Peters, resident of Morro Bay, gave a brief history of the timeline of the WWTP Upgrade project and encouraged the Commission to certify the Environmental Impact Report (EIR) and forward a favorable recommendation to the City Council in order to move the project forward.

Hearing no further public comment, Diodati closed the Public Comment period.

VIII. CONSENT CALENDAR

- A. Approval of minutes from hearing held on November 1, 2010 as amended and minutes from the December 6, 2010 meeting.

MOTION: Lucas moved the Planning Commission approve the minutes. Irons seconded the motion. The motion carried unanimously (4-0).

IX. PRESENTATIONS – None

X. FUTURE AGENDA ITEMS

- A. Staff presentation on the Affordable Housing Rehabilitation Program and general affordable housing issues.

Commissioners had no discussion.

XI. PUBLIC HEARINGS

- A. **Site Location:** 160 Atascadero Road, Wastewater Treatment Plant

Applicant: City of Morro Bay and Cayucos Sanitary District

Agent: Bruce Keogh, Wastewater Division Manager

Request: The applicant proposes the Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) Upgrade Project to provide full secondary treatment for all effluent discharged through its ocean outfall and to provide tertiary filtration capacity equivalent to a PSDWF of 1.5 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 project includes construction of facilities including but not limited to buildings, circulation, hardscape and landscaping. Once the upgraded wastewater treatment facilities are complete the existing wastewater treatment facilities will be demolished.

CEQA Determination: Recommend adoption of Environmental Impact Report dated September 20, 2010, to City Council.

Staff Recommendation: Consider request and make recommendation to Council on Conditional Use Permit #307 and Coastal Development Permit #339.

Staff Contact: Kathleen Wold, Planning Manager 805-772-6211.

Livick introduced the Environmental Impact Report, Conditional Use Permit and Coastal Development permit for the WWTP Upgrade project. Livick introduced the consultants from ESA who prepared the Environmental Impact Report (EIR).

Wold presented the staff report and turned it over to Jennifer Jacobus of ESA who gave an overview of the EIR document including chapters 9, 10 and 11.

Commissioners asked staff to clarify the options available to the Commission specifically if the EIR is not certified. Wold responded that CEQA has very specific guidelines for recirculating.

Diodati inquired if the three options are to, either adopt the EIR with no changes, adopt the EIR with changes or deny the EIR. Livick confirmed.

Diodati opened the Public Hearing:

- Dennis Delzeit, Project Manager representing the Applicant, presented an overview of the proposed project asking the Commission to certify the EIR and forward a favorable recommendation on to the City Council.

The following persons spoke against the proposed project and encouraged the Planning Commission to deny the project:

- Andrew Christie, of Sierra Club, and Morro Bay residents Jane Heath, Betty Winholtz, Lee Johnson, Bill Martony, Barry Branin, Dorothy Cutter, Steve Hennigh, Ann Reeves, and Jack McCurdy.

Hearing no further comment, Diodati closed the Public Hearing.

Commissioners discussed with staff:

- The shortened time schedule from 14 years to 8 years and whether the alternatives have been adequately studied;
- The original project upgrade of the existing plant and whether this is an upgrade or in fact a new project. Livick responded that this project as identified in the Facilities Master Plan is an upgrade and demolition. The administration and maintenance building will remain;
- The viability of the proposed site location and whether alternate locations would have been preferable. Livick responded that City infrastructure and Cayucos infrastructure points to this location and noted the considerable costs to redirect infrastructure to an alternate site location;
- Whether the public scoping period was of sufficient length;
- Appropriate project alternatives. Livick responded that the project as proposed was selected by the JPA consisting of the City Council and Cayucos Sanitary District. During the course of their review, they chose where and what to build. Livick also noted the alternatives analysis in the EIR does meet CEQA guidelines;
- Wold clarified for Commissioners that the City's General Plan/Local Coastal Plan (LCP) specifically directs this as an industrial piece of property and protects the wastewater facilities as a use, not a building. The zoning allows the use. In addition, CEQA guidelines establish the baseline, so baseline impacts do not reduce to zero. CEQA establishes baseline as existing site conditions, not vacant undeveloped land. With the established WWTP baseline, the LCP delineates the site as protected for WWTP;
- Technical merits of the project including effluent quality discharged through ocean outfall, water reclamation, building height and whether it can be lowered and the visual impacts associated with two-story versus a one-story building;
- The importance of the Household Hazardous Waste Collection facility program to the community. Livick noted that the Integrated Waste Management Authority (IWMA) operates this program and has been contacted regarding the potential for grant opportunities.

Commissioners continued lengthy discussion over whether the proposed project is a new or upgraded project and the resulting site and location analysis. In addition, Commissioners discussed how to define the baseline, whether that would be the existing plant as a baseline for comparison to other sites or whether to use a zero baseline of vacant land when comparing to other sites.

City Attorney Rob Schultz encouraged the Commission to make its conclusion by determining if the CEQA analysis has been prepared correctly, whether the conditions of approval recommended by staff are correct and then certify, or not, the EIR and forward on to the City Council.

Commissioners discussed whether if they determine this project is defined as a new project and not as an upgrade, then that automatically invalidates the EIR and therefore they could send it to City Council with that conclusion.

Commissioners expressed concern at the lack of alternative sites with which to compare to this site and agreed that siting is the number one issue.

Further discussion continued over whether the project WWTP project is consistent with LCP policy, using a baseline of an industrial site, the question of the aesthetic arguments listed in the EIR, and the planning impacts created by the zoning.

MOTION: Irons moved to continue the Planning Commission meeting past 10p.m. Luhr seconded the motion.

The motion carried unanimously (4-0).

Commissioners then discussed the need to develop criteria that can be used to further an alternatives analysis.

MOTION: Diodati moved that the following nine criteria be used to evaluate in a screening report of properties within and outside of the City limits in a public process with the baseline of a new wastewater project proposal and that a letter be submitted to the Regional Water Quality Control Board asking for a time extension in order to conduct the site analysis:

1. Flood plain impacts
2. Cultural resources
3. Visual resources
4. Greenhouse gases
5. Accommodation of build out
6. Water reclamation
7. Cogeneration opportunities
8. Lifecycle costs
9. Economic benefits

Luhr seconded the motion.

The motion carried unanimously (4-0).

MOTION: Diodati moved the Planning Commission deny certification of the EIR presented for the MBCSD WWTP Upgrade and deny the Coastal Development Permit CPO-339 and Conditional Use Permit UPO-307 with the applicant: City of Morro Bay and Cayucos Sanitary District. Lucas seconded the motion.

Commissioners discussed amending the motion to include the reason for denial. The four reasons stated were the proposed project constituted a new project; the EIR analysis was insufficient, the aesthetics and insufficient scoping of the project.

Luhr and Lucas accepted these reasons as an amendment to the motion.

The motion carried unanimously (4-0).

XII. OLD BUSINESS

A. Current Planning Processing List/Advanced Work Program

Commissioners reviewed with staff and did not add any new items.

XIII. NEW BUSINESS

A. Consider cancelling the January 3, 2011 Planning Commission Meeting.

MOTION: Lucas moved to cancel the January 3, 2011 Planning Commission meeting. Irons seconded the motion.

The motion carried unanimously (4-0).

XIV. ADJOURNMENT

Diodati adjourned the meeting at 10:20 p.m. to the next regularly scheduled Planning Commission meeting at the Veterans Hall, 209 Surf Street, on Tuesday, January 18th, 2011 at 6:00 p.m.

John Diodati, Chairperson

ATTEST:

Rob Livick, Secretary