

AGENDA ITEM: _____ A-1 _____

DATE: _____ January 12, 2012 _____

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
Hal Fones, Vice-President
Shirley Lyon, Director
Michael Foster, Director
Dan Chivens, Director

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

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

MEETING DATE:

6:00 p.m., Thursday, November 10, 2011

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 Yates called the meeting to order at 6:05 p.m. and asked for a roll call vote which showed all Council members are present and all Cayucos Sanitary District Board members present with the exception of Director Dan Chivens.

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

Cayucos Staff members present were Bill Callahan 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 Yates opened Public Comment period:

- John Solu, resident of Morro Bay, presented a current bill of a Morro Bay hotel room and explained how the cost per person per day will increase from the current plant location to the proposed alternate sites.
- John Barta, resident of Morro Bay, stated that engineers and specialists reviewed the current site location two years ago and concluded a \$30 million cost. Now, a third of a million dollars has been spent to come to the same conclusion they had 2 years ago.

- Richard Sadowski, resident of Morro Bay, stated he is a former employee of the Cayucos Sanitary District and spoke against the current site location and disagreed with Mr. Barta. Sadowski spoke in favor of moving the plant location and stated grants are available to reduce the costs. Sadowski stated staff was dumping brine from the outfall and the JPA should be re-written. He spoke in favor of the Chevron site which would address the H2S problem.
- Robert Staller, resident of Morro Bay, and avocado farmer, stated water is a very valuable resource and water reclamation has to be included as part of the package. Mr. Staller stated a lot of time and money is being wasted and the Coastal Commission is not going to buy it.
- Marla Jo Brutan, resident of north Morro Bay, spoke against the current plant location. She stated money is being wasted pursuing the project at the current location. She stated the EIR should have been done earlier.
- Bill Martony, resident of Morro Bay, also spoke regarding the cost. He stated if the plant were moved outside the flood plain, a plant could be built close to \$20 million as PERC Water Company had offered. He spoke in favor of sites that were excluded from the analysis due to being prime agricultural land and stated there would not be much difference in cost with the 2 alternative sites compared to the current site.
- Jane Heath, resident of Morro Bay, expressed concern about the incremental costs over time and also concern about scarce potable water. Ms. Heath stated if the plant is built in current location we will be here again and costs will increase.
- Andrew Christie, Director of Sierra Club, stated in addition to the high costs, there should be more concern on what needs to be done to get a coastal development permit. Mr. Christie addressed the consultant's alternatives analysis report recommendations and stated the consultants ignored facts. He also stated the Coastal Commission staff have made it clear that recycled water should be part of this project and urged the JPA to comply.
- Jennifer Blonder, member of Surfrider, spoke regarding getting sick from the water during surfing. Ms. Blonder stated as a second grade teacher, her students suggested ponding, using the water to recycle paper, and using water on golf courses. She spoke against the ocean outfall and in favor of the Petaluma model.
- Betty Winholtz, resident of Morro Bay, stated the JPA has not done what the community has said and spoke against the current site location and that the JPA has treated the current site as exceptional. Ms. Winholtz also spoke against the high costs for consultants.
- Barbara Doerr, resident of Morro Bay, referenced the alternative sites study and encouraged the JPA to let the community choose the new location of site. Ms. Doerr stated the current WWTP location should be sold and to use the profits to go back to the district.
- Jack McCurdy, resident of Morro Bay, referenced the November 2010 letter from the Coastal Commission which said a new draft EIR must be conducted. Mr. McCurdy wanted to know if the Dudek report is the equivalent of an EIR and stated there is no evidence of a valid cost analysis. Also, the Dudek report gave the present site a top rating on cost by giving all other sites a negative rating and the present site a perfect rating because it alleges the proposed site would have no permitting, planning and permit costs.
- Barry Brannin, resident of Moro Bay, referenced a Labor Day weekend news article which stated the State water pumps failed as well as the City's back up water and spoke in favor of recycled water.
- Dan Glesmann, resident of Morro Bay, stated he didn't see a cost allocation in the report for the financing and thinks that should be counted. He also read a prepared note that he found which spoke in favor of the Chevron site and controlling costs.
- Bob Doerr, resident of Morro Bay, referenced Los Osos' decision to change the plant location and stated Morro Bay also has an opportunity to change their plant location.
- Richard Margetson, resident of Cayucos, spoke about Los Osos's decision to change the plant location and stated he put up the Los Osos signs to get the sewer moved. Despite being labeled the minority, the opponents were able to get the sewer moved from the Tri-W site to the site outside of town. He addressed the similarities from the Los Osos sewer project to Morro Bay. He recommended that the JPA put out a survey to determine location preference.
- Dave Jewel, resident of Morro Bay, stated he was also involved with the purchase of the Tri-W property transaction, the original Los Osos location and is working with the County on the current Los Osos site. In reviewing this screening analysis, it does not give detail about increased property acquisition costs. He notes that the report doesn't consider that the WWTP is in a prime location and stated the analysis needs to look at the sale of the current WWTP property to offset the purchase of either the Chevron or the Righetti site.
- Michael Lucas, resident of Morro Bay, stated a year ago the Planning Commission told the City Council the Coastal Commission would not approve this project. He stated the process is flawed and compared locating the

project at beachfront property versus inland. He also stated he was disappointed to see so much community input has been disregarded.

Mayor Yates closed Public Comment period.

A. CONSENT CALENDAR

A-1 MINUTES OF SEPTEMBER 8, 2011 JPA MEETING

A-2 WWTP OPERATIONS REPORT THROUGH SEPTEMBER 2011

MORRO BAY MOTION: Borchard made a motion to approve the Consent Calendar. The motion was seconded by Yates and passed unanimously (5-0).

CAYUCOS MOTION: Fones made a motion to approve the Consent Calendar. The motion was seconded by Lyon and passed unanimously (4-0).

B. OLD BUSINESS

1 STATUS REPORT ON UPGRADE PROJECT AS OF NOVEMBER 1, 2011

Recommendation: Receive the Status Report and direct staff accordingly

Dennis Delzeit presented the status report.

Councilmember Smukler discussed with Delzeit the suspension status of the lobbyist consultant. Smukler requested to remove the stipulation that staff can bring back consultant and instead only bring back the consultant unless Board approves this action. Tim Carmel and Rob Schultz stated this would have to be agendized so as to not violate the Brown Act.

2 CONSIDERATION TO DISCONTINUE THE CONCEPT OF BRINE DISPOSAL AT THE WWTP

Recommendation: Following consideration of this item, that the Council and District Board direct staff to postpone further work on this activity until the WWTP Coastal Development Permit has been issued.

Bruce Keogh presented the staff report and stated we are unable to provide service to anyone outside the JPA service boundaries so at the present time the concept of being able to accept brine from CCWT has been discontinued.

Keogh also stated that Coastal Commission staff was not supportive of amending the existing Coastal Development Permit application currently under review, in order to allow the JPA to accept brine from outside the service area. Therefore, staff recommendation is to discontinue that concept at this time.

No Board questions or discussion followed on this item.

CAYUCOS MOTION: Lyon moved to direct staff to postpone further work on this activity until the WWTP Coastal Development has been issued. The motion was seconded by Fones and passed unanimously. (4-0)

MORRO BAY MOTION: Borchard moved to direct staff to postpone further work on this activity until the WWTP Coastal Development has been issued. The motion was seconded by Leage and passed unanimously. (5-0)

Mayor Yates called for a short break and the meeting resumed at 7:07 p.m.

C. NEW BUSINESS

1 PRESENTATION AND DISCUSSION REGARDING STATUS OF DRAFT ALTERNATIVE SITES EVALUATION PHASE 2 – FINE SCREEN ANALYSIS

Recommendation: Receive presentation by consultant regarding status of Draft Rough Screening Alternative Sites Evaluation; Council and Board discussion regarding same.

Dennis Delzeit presented the staff report and explained the background of the Draft Fine Screen Analysis with the Coastal Commission taking over the Coastal Development Permit. Delzeit introduced Dudek representatives, April Winecki, Alison Evans and Tom Falk, to present an overview of the draft analysis. Comments received tonight will be incorporated into the final report. A meeting in Santa Cruz will be held on November 28, 2011. The de novo hearing date is unknown, but is anticipated to be either March or April 2012.

April Winecki presented the draft Alternative Sites Evaluation Phase 2 – Fine Screen Analysis report and introduced other representatives including Alison Evans and Tom Falk and also Richard Gorman of Earth Systems Pacific.

Winecki explained 11 total sites were analyzed and the next step is to prepare for the de novo hearing. Of the 11 sites, three sites were moved forward in the fine screen analysis. The three sites are: Site 1 – current location of the Wastewater Treatment Plant; Site 5/15 – the Chevron facility; and Site 16 – the Righetti property.

Alison Evans explained the process, methodology, scoring criteria used to evaluate the three sites.

Tom Falk spoke regarding project implementation and economic factors with estimated completion dates for each of the sites: Site 1 – December 2015, Site 15 – March 2023 and Site 16 – April 2022. Falk explained the recycled water feasibility update with three distinct services areas identified including service area 1 – City of Morro Bay; service area 2 – Highway 41 Agricultural Corridor; and service area 3 – Cayucos.

Evans thanked the public for providing comments and input and stated that all comments received would be incorporated into the final document. Updates will be posted to the City website to keep the public informed.

Mayor Yates opened Public Comment period:

- Barry Branin, resident of Morro Bay, stated he is surprised that the analysis stated that site 1 is consistent with the local LCP. Brannin recited from a 11/12/2010 Coastal Commission letter which discussed the Coastal Commission's statement that there is a conflict between Site 1 and the Local Coastal Plan (LCP).
- Barbara Doerr, resident of Morro Bay, expressed concern that if Dudek meets with Coastal staff and receives an oral request for a work product that would cost the Board money, that the public should be informed.
- Richard Margetson, resident of Cayucos, stated he would like a better explanation of the \$25,000 costs per acre-foot for recycled water. Also, he wants to know why the two alternative sites would take an additional 8-9 years. Additionally, Margetson asked if this is moved forward to the Coastal Commission tonight, when is the deadline for submitting public comments.

Mayor Yates closed Public Comment period.

Mayor Yates asked Winecki to address Richard Margetson's questions.

Winecki stated the intent is to move forward to Coastal Commission to begin the de novo hearing process and clarified that public comments received tonight should be forwarded to the Coastal Commission. Smukler asked if informal interaction with Coastal Commission staff can be obtained to get preliminary feedback before we initiate the de novo hearing process so as to better incorporate public comments.

Winecki replied that the Coastal Commission staff will provide preliminary feedback at the next meeting on November 28, 2011.

Morro Bay Councilmembers' discussion included:

Councilmember Smukler recommended that the Draft Analysis not be approved tonight but instead incorporate comments and bring it back to the next JPA meeting with comments from the Coastal Commission staff in order to allow more time to see what happens.

Councilmember Johnson asked Dennis Delzeit to clarify Coastal Commission staff's request which was not a denial, but a request to study alternative locations. Delzeit stated that is correct.

Councilmembers Johnson, Borchard and Leage agreed to forward this on to the Coastal Commission and to start the de novo process.

Councilmember Smukler stated his disappointment that Site 5 was not pursued further and would like a better review of the acquisition costs. In addition, he would like to see further review of the cost range of decommissioning the current Wastewater Treatment Plant as well as further discussion of greenhouse gases.

President Enns asked for Cayucos comment:

Director Foster stated if the alternative sites take an extra 7-9 years, there will also be a time saving by choosing a site not located in the coastal zone and therefore time and money on permitting will be saved. Foster reiterated that he thought the process was biased and that public comments do not seem to make a difference. He also stated that the economic implications have to be considered. Although he has doubts about the conclusions reached, Foster stated he believes the report should proceed to the Coastal Commission.

Directors Lyon and Fones agreed that good public comments were received tonight and that the report should proceed next to the Coastal Commission.

President Enns thanked people for their public comments made tonight and encouraged everyone to read the Dudek report. Enns agreed this should be allowed to go to Coastal Commission. If the report is denied as Councilmember Smukler suggests, then will not receive Coastal Commission staff feedback. Enns stated he suspects alternate sites would take much longer than 7-9 years since the current site has already taken over 20 years.

Councilmember Smukler responded by emphasizing this is our only time to look at the alternative options and expressed concern that the Coastal Commission will not allow the Wastewater Treatment Plant to be built on the current site.

MORRO BAY MOTION: Yates moved to authorize staff to submit Alternative Site Evaluation Phase I, the Rough Screening and Phase 2 the Fine Screening Analysis and associated de novo review summary material to the California Coastal Commission. Johnson seconded the motion.

Councilmember Smukler stated he does want to send this to the Coastal Commission but is not willing to start the de novo hearing process without first hearing from Coastal Commission staff so he will be voting no.

VOTE: The motion passed 4-1 with Councilmember Smukler voting no.

CAYUCOS MOTION: Fones moved to authorize staff to submit Alternative Site Evaluation Phase I, the Rough Screening and Phase 2 the Fine Screening Analysis and associated de novo review summary material to the California Coastal Commission. Foster seconded and the motion passed unanimously. (4-0).

1 SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

Mayor Yates and Council members discussed whether to have a December meeting in order to hear Coastal Commission comments and hear an update on water reclamation.

Delzeit stated a written report could be provided but also clarified that this is the last Dudek meeting in their contract. If you wish them to provide an update, it would come at a cost.

Councilmember Smukler stated he would like to discuss the lobbyist contract. Mayor Yates stated a discussion on this would undo a previous motion already decided by the Board. No consensus was reached for Councilmember Smukler's agenda request.

Councilmember Smukler stated he would like to discuss the JPA agreement since there has been no update for 6 months.

Rob Schultz clarified the JPA negotiations have been on hold due to the Coastal Commission activity. Schultz further stated that any discussion now would be premature until a resolution is reached by the Coastal Commission.

It was agreed to schedule the December 8, 2011 JPA meeting now and cancel later if necessary.

No agenda item requests from Cayucos were stated.

ADJOURNMENT

Mayor Yates adjourned the meeting at 8:35p.m.

Minutes Recorded by:
Cindy Jacinth, Morro Bay Public Services Dept.