

**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, Vice-President
Shirley Lyon, Director
Michael Foster, Director
Dan Chivens, 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:

6:00 p.m., Thursday, April 12, 2012

HOSTED BY:

Cayucos Sanitary District

MEETING PLACE:

Cayucos Veterans Hall
10 Cayucos Drive
Cayucos CA 93430

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

Unless an item is pulled for separate action by the City Council or Cayucos Sanitary District Board, the following items are approved without discussion

A-1 MINUTES OF JANUARY 12, 2012 JPA MEETING

A-2 MINUTES OF MARCH 8, 2012 JPA MEETING

Recommendation: Approve as submitted

A-3 STATUS REPORT ON CURRENT BIOSOLIDS PRACTICES

Recommendation: Receive and file

B. OLD BUSINESS

B-1 STATUS REPORT ON UPGRADE PROJECT AS OF APRIL 1, 2012

Recommendation: Receive the Status Report and direct staff accordingly

B-2 STATUS REPORT ON SERVICES OF COASTAL LAND USE CONSULTANT: MCCABE AND COMPANY

Recommendation: Board and Council consent to the continuation of McCabe & Company's coastal development permit appeal consulting services

C. NEW BUSINESS

C-1 PRESENTATION OF DRAFT 2012 RECYCLED WATER FEASIBILITY STUDY

Recommendation: Board and Council receive the presentation of the draft 2012 Recycled Water Feasibility Study

C-2 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. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Public Services' Administrative Technician at (805) 772-6261, or the Cayucos Sanitary District at (805) 995-3290. Notification 24 hours prior to the meeting will enable the City and District to make reasonable arrangements to ensure accessibility to this meeting.

Materials related to an item on this Agenda submitted to the City of Morro Bay or the Cayucos Sanitary District after distribution of the agenda packet are available for public inspection at the scheduled meeting.

AGENDA ITEM: _____ A-1 _____

DATE: _____ April 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, January 12, 2012

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 6:00 p.m. and asked the record to show all Council members are present. President Enns asked the record to all Cayucos Sanitary District Board members present with the exception of Director Michael Foster.

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.

Director Michael Foster arrived at 6:05pm

Mayor Yates opened Public Comment period:

- Marla Jo Bruton, resident of Morro Bay, questioned the insurance status of the WWTP.
- Barry Branin, resident of Morro Bay, addressed the contract with MWH to build the WWTP stating it needs to be terminated and stated the lobbyist contract is inappropriate.

Mayor Yates closed Public Comment period.

Yates asked staff to respond to Ms. Bruton's inquiry. Susan Slayton, Administrative Services Director responded that the WWTP does have current insurance and is in good standing.

A. CONSENT CALENDAR

A-1 MINUTES OF NOVEMBER 10, 2011 JPA MEETING

Director Fones asked to correct the minutes to reflect the correct motioner and seconder regarding his motion on page 3.

CAYUCOS MOTION: Fones made a motion to approve the minutes as corrected. The motion was seconded by Lyon and passed unanimously (5-0)

MORRO BAY MOTION: Borchard made a motion to approve the minutes as corrected. The motion was seconded by Smukler and passed unanimously (5-0)

B. OLD BUSINESS

B-1 STATUS REPORT ON UPGRADE PROJECT AS OF JANUARY 1, 2012

Recommendation: Receive the Status Report and direct staff accordingly

Dennis Delzeit presented the status report.

Councilmember Smukler discussed with Delzeit the reactivation status of the lobbyist consultant due to the cost.

Delzeit responded that in contact with two former Coastal Commissioners, it was advised to engage the lobbyist services early due to the complexity of the project.

Director Foster questioned why the consultant contract has been started so early without the decision makers involved first. Delzeit described the presentational materials that the lobbyist would prepare and present for Coastal Commissioners and staff in order to educate the Commissioners on the WWTP project and the major issues involved.

Foster stated the staff report implies that we have already reached our conclusions and asked Delzeit to use less subjective language.

Yates discussed with Delzeit the timing for the consultant's services. Delzeit clarified he has asked Ms. McCabe to resume services effective January 1, 2012 in order to allow enough time prior to the April 12th de novo hearing date.

Mayor Yates opened Public Comment period.

- Nancy Bast, resident of Morro Bay, asked what the bill to date has been from Dennis Delzeit.
- Richard Margetson, resident of Cayucos, questioned what the status of the meeting was in November with Coastal Commission staff.
- David Nelson, resident of Morro Bay, disagreed with the statement that we are on track and doing well. He addressed the status of the lobbyist and stated the JPA board are better lobbyists and stated the high cost of a lobbyist should not be paid when the JPA members could do the same thing.
- Marla Jo Bruton, resident of Morro Bay, addressed the status report and stated that most of the JPA members have no idea how long the WWTP time schedule is to complete the WWTP upgrade. Ms. Bruton expressed concerns about the community's ability to get this right stating this is not an upgrade project, but a new project, and will be required to use reclamation.

Mayor Yates closed Public Comment period.

Yates responded to the questions posed during Public Comment by asking Delzeit for his bill to date which is \$129,000. Yates also clarified that most major developments do use the services of a lobbyist.

C. NEW BUSINESS

C-1 PRESENTATION OF THE FY 2009/2010 WWTP AUDIT

Recommendation: Following consideration of this item, that the Council and District Board accept the report

Susan Slayton, Administrative Services Director, introduced the auditor, Robert Crosby of Crosby and Company who presented a brief overview of the 2009/10 audit report.

Councilmember Borchard and Mayor Yates both requested that the audit be submitted sooner next time as this is for the period ending 6/30/2010.

Councilmember Smukler expressed concern regarding the insurance increase and whether this is a trend that would be seen annually. Slayton responded that insurance is based on the value of the property, with fluctuations in value noted in 2009 and 2010.

Director Foster addressed the flood walls and whether a credit will be received from the insurance company. Rob Livick stated a flood proofing certificate would be necessary and need to be presented to the insurance company.

Mayor Yates opened Public Comment period:

- Richard Margetson, resident of Cayucos, agreed with Councilmember Borchard stating the State Revolving Loan Fund will require up to date financials.
- Barry Branin, resident of Morro Bay, addressed the decrease in operating loss noting that it is startling to say we lost a little more money.
- Marla Jo Bruton, resident of Morro Bay, addressed the Cayucos owned land and that deferred maintenance would bring down the total cost of property that would benefit the CSD. Ms. Bruton urged the JPA to reevaluate the Joint Powers Agreement. Also, Ms. Bruton asked for the elevation level of the floodwalls at the WWTP.

Mayor Yates closed Public Comment period.

Yates asked Bruce Keogh to respond to Ms. Bruton's question. Keogh replied that the wall has been built around the head works and it is about 30 to 32 inches above grade.

Councilmember Smukler discussed the change in contractual and professional services and asked staff to clarify Mr. Brannin's question. Bruce Keogh responded he would have to research to say how those numbers changed.

Smukler continued discussion with staff regarding the definition for contractual services and whether the discrepancy between contractual and professional services could be due how the invoices are coded in accounts payable.

Director Foster questioned whether these expenses are due to extra consultant services.

Councilmember Smukler asked for a simple public memo to illustrate in order to answer Mr. Brannin's question.

C-2 CONSIDERATION TO APPROVE FUNDING FOR MAINTENANCE ACTIVITIES FOR THE OCEAN OUTFALL

Recommendation: Following consideration of this item, that the Council and District Board approve funding for completion of maintenance activities on the ocean outfall

Keogh presented the staff report and showed a short video of the ocean outfall visual inspection performed by Carson Porter Diving which presented exceptional water clarity.

Yates opened Public Comment and hearing none, closed Public Comment period.

CAYUCOS MOTION: Foster moved to approve funding for completion of maintenance activities on the ocean outfall. Chivens seconded and the motion passed unanimously. (5-0)

MORRO BAY MOTION: Borchard moved to approve funding for completion of maintenance activities on the ocean outfall. Smukler seconded and the motion passed unanimously. (5-0)

Mayor Yates called for a break and the meeting resumed at 720pm.

C-3 CONSIDERATION AND DISCUSSION REGARDING AMENDMENTS TO DUDEKS CONTRACT FOR THE COASTAL APPEALS PROCESS

Recommendation: Following consideration of this item, that the Council and District Board approve the proposed amendments to Dudek's contract for the Coastal Appeals Process

Delzeit presented the staff report including the status of the Coastal Commission staff feedback on the fine screening analysis noting the project is on schedule.

Discussion from Morro Bay included:

Councilmember Borchard asked Delzeit to clarify the \$17,000 study cost. Delzeit responded that additional information is needed for water reclamation and a comparative study.

Dylan Wade, Capital Projects Manager, responded that the scope for the reclaimed water study was originally excluded from the Dudek contract.

Councilmember Smukler discussed with Delzeit the option of an analysis of adaptive reuse and piping infrastructure which could be used in the case of Chevron site. Smukler stated a study of the piping infrastructure is important to consider.

Discussion from Cayucos board included:

Director Foster discussed with Delzeit the reason for the reclamation study and how that relates to Cayucos specifically. Foster questioned whether a reclamation study is within the scope of the CSD. Rob Livick clarified that the Coastal Commission wants to see a study of reclaimed water before approving a project.

Director Foster also addressed the McCabe contract and the costs of \$42,000 already spent. Delzeit responded that new material exists now that McCabe has not reviewed yet and now that a tentative de novo date has been set, it is important to bring her up to date.

Director Chivens questioned a potential second hearing in August and what the likelihood is. Delzeit responded there are no guarantees in the Coastal Commission appeal process since they have taken over jurisdiction of the coastal permit.

Mayor Yates opened Public Comment period.

- Barry Brannin, resident of Morro Bay, addressed issue of recycling. He stated we have received two letters from the Coastal Commission that instructed us what to do and in the process MBCSD chose not to follow that direction. Dudek's scope of work has proposed an infrastructure to handle 300acre feet per year but the City dumps 1300 acre feet per year into the ocean. He stated we need a scope of work that makes sense and

encouraged the JPA to analyze a process that will meet the Coastal Commission's request that will handle all the recycled product we have.

- David Nelson, resident of Morro Bay, stated the JPA is not asking the right questions and needs to do this right. He stated he agrees with Director Foster noting it seems like some of the work from the consultant will have to be redone. He stated the Coastal Commission will listen if you hand it to them, because this is costing a lot of money.
- Al Barrow, resident of Los Osos, and an affordable housing advocate, stated this is a low paying income community and controlling costs are critical. Barrow asked what the cost goal per month is going to be.
- Marla Jo Bruton, resident of Morro Bay, stated the meeting has been void of actual content and expressed concern regarding Delzeit's report as compared to the Coastal Commission's December 9, 2011 minutes. Ms. Bruton presented on overheard a website resource for the public to access online to obtain additional information. Bruton disputed the contents of Delzeit's staff report compared to the Coastal Commission's minutes.
- Richard Margetson, resident of Cayucos, addressed page 3 of 4 on Delzeit's report regarding the extra costs proposed by Dudek. Margetson questioned why the community is absorbing these costs and not the consultant.
- Dorothy Cutter, resident of Morro Bay, stated her understanding was the Coastal Commission staff has said the JPA cannot put the plant in the same location as the old location and wants to know where the new plant is going to go.
- Jack McCurdy, resident of Morro Bay, read from a letter dated December 8, 2008 from the Coastal Commission to the City which states the WWTP will be capable of tertiary treatment and resultant water would be discharged through ocean outfall which could be reclaimed for other uses. A November 12, 2010 letter from the Coastal Commission staff to the City stated the DEIR proposal does not include a plan for water reclamation that meets expectations. He spoke in favor of water reclamation and stated a majority of the JPA has avoided and obstructed compliance with the Coastal Commission requirements which has caused delays and wasted time and money.

Mayor Yates closed Public Comment period.

Mayor Yates asked Delzeit to respond to questions presented during Public Comment. Delzeit clarified that regarding 300 acre feet versus 1300 acre feet, the determination was made that 300 acre feet was a realistic target based on prior studies.

Wade also clarified that in 2010, the WWTP produced and used about 1,250 acre feet per year in 2010. 300 acre feet represents approximately one quarter of that demand or all of our outdoor demand. It would be against the law to reuse effluent for direct re-use, so disposal options would have to be considered outside the City. To offset potable water demand, 300 acre feet is what is a realistic number.

Councilmember Smukler stated it is clear from Coastal Commission comments, that they are expecting us to go beyond the 300 acre feet and if we limit scope to just 300 acre feet, then the requirements will be missed from Coastal Commission. He suggested expanding the scope and escalating it to consider all levels of reclamation quantities to make some decisions from that.

Director Foster stated it is difficult to estimate time on contracts regarding cost overruns. He suggested that rather than Dudek estimate costs but should instead ask for a fixed fee price from Dudek through to completion from Coastal Commission.

President Enns thanked both Dudek representatives and Delzeit for doing a good job. He stated the JPA does not control what questions the Coastal Commission asks or requires. Enns noted that through all the public questions asked, the

JPA has spent a lot of money answering these questions. He is happy with Dudek's performance and supports approving Dudek's request.

CAYUCOS MOTION: Fones moved to approve staff recommendation. Lyon seconded and the motion passed with Foster voting no. (4-1)

MORRO BAY MOTION: Borchard moved to approve staff recommendation. Johnson seconded and the motion carried unanimously. (5-0)

C-4 SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

ADJOURNMENT

Mayor Yates adjourned the meeting at 8:05p.m.

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

- Barry Brannin, resident of Morro Bay, complimented the consultant, Dudek, who is doing good quality reports.
- Richard Sadowski, resident of north Morro Bay, addressed the issue of integrated collection system problems. He said as a former employee of the Cayucos Sanitary District, he videotaped 15 miles of CSD sewer line and showed them to FEMA which resulted in \$1.2 million received due to liquefaction damage. He stressed the need for an accurate flow that comes into the Wastewater Treatment Plant.
- John Barta, resident of Morro Bay, stated the Pismo Beach and Goleta treatment plants did not have to face the same issues as MB/CSD JPA, including added costs of the EIR and consultants. He urged people to realize the cost in money time and delay. He supported the JPA Board in their steadfast determination to carry out the will of earlier JPA Boards which include tertiary treatment.

Mayor Yates closed Public Comment period.

A. CONSENT CALENDAR

A-1 MINUTES OF JANUARY 12, 2012 JPA MEETING

Recommendation: Approve as submitted

Mayor Yates noted that Marla Jo Bruton's name has been misspelled and asked to be corrected with minutes to be brought back to next meeting.

A-2 WWTP OPERATIONS REPORT THROUGH JANUARY 2012

Recommendation: Receive and file

President Enns asked to clarify that bio solids are being sent to McCarthy Farms for composting at their facility. Keogh said yes, they are being composted at their facility.

Mayor Yates asked Delzeit to address Ms. Bruton's questions presented during public comment. Delzeit said there is no State Revolving Loan Fund application pending now. An application cannot be submitted without an approved project, which is waiting for the coastal development permit. Regarding the construction monies spent, there is no construction activity occurring,

Director Foster asked Keogh to clarify the Public Works Advisory Board. Rob Livick stated the Public Works Advisory Board is a five member board appointed by the City Council which is a recommending body to the City Council on matters of Public Works.

B. OLD BUSINESS

B-1 STATUS REPORT ON UPGRADE PROJECT AS OF MARCH 1, 2012

Recommendation: Receive the Status Report and direct staff accordingly

Dennis Delzeit presented the status report and noted that though the feasibility study was released today, it is still subject to change and the final draft will be released on Monday after which it will be submitted to the Coastal Commission. Delzeit noted the de novo hearing date has not been set yet by the Coastal Commission due to organizational and staffing changes occurring at the Coastal Commission. They are hoping for a possible June hearing at Huntington Beach.

Mayor Yates encouraged Delzeit to get the date of the hearing as soon as possible, since every month costs more money.

Councilmember Smukler expressed concern that there is no incentive with the lobbyist to keep the costs of the project to a minimum.

Councilmember Borchard agreed with Smukler noting that the extension of the hearing date creates downtime for the consultant who is put on hold and asked if costs could be reduced while waiting for a hearing date.

Director Lyon asked if McCabe has submitted a progress report.

Director Chivens agreed with Councilmember Borchard noting that justification for the added costs is needed.

Director Foster questioned Delzeit's decision to reinstate Ms. McCabe's contract at \$12,500/month when the Board has no knowledge when the de novo hearing will occur.

President Enns asked Delzeit if additional studies were supposed to be completed during this downtime. Delzeit stated yes, there has been additional work involved in addition to continued communication with Commissioners. Delzeit stated he would speak with Ms. McCabe to determine what services would be provided during this time period. Delzeit acknowledged the extra costs involved and noted that Ms. McCabe is very successful with what she does, and will forward the comments and concerns of the JPA Board to Ms. McCabe.

Mayor Yates asked for more detail in the form of a log to have better communication on the tasks that Ms. McCabe is performing for the JPA.

Councilmember Smukler stated Ms. McCabe's contract should be terminated and the JPA should instead solicit a proposal from Dudek on representing the project to the Coastal Commission. Smukler also encouraged the JPA Board to reconsider Ms. McCabe's value. Delzeit replied the ultimate goal is to get approval with the granting of the coastal development permit and Ms. McCabe is trying to improve our chances of success and approximately \$75,000 has been spent to date.

Mayor Yates disagreed with Councilmember Smukler, asserting that the project does need a lobbyist, which is typical for these types of projects and stressed Ms. McCabe's expertise with the Coastal Commission. He would be supportive of having the meeting next week and not cancelling the April meeting.

Councilmember Johnson stated a more detailed invoice and itemization of tasks between now and June may be necessary. Mayor Yates questioned the possibility of the de novo hearing not happening in June if it is delayed again. Councilmember Borchard agreed stating that accountability is needed.

Councilmember Leage stated agreement with the Mayor. Leage noted that although paying the costs is unpleasant, it is necessary to maintain the lobbyist services.

Director Foster appreciates Delzeit's work with getting the project at this location to Coastal Commission. However, Dudek was hired to do an independent site analysis and expressed concern with the lobbyist services and staff involvement. Foster also requested that a review of the McCabe contract be agendaized for the next JPA meeting.

Councilmember Smukler noted he is not suggesting Dudek become a lobbyist like McCabe, but rather to provide information.

Mayor Yates stated to Delzeit that if a JPA meeting is not held on March 14, 2012, then he would request the information from Delzeit in writing, and to also put the info on the website.

C. NEW BUSINESS

C-1 CONSIDERATION AND DISCUSSION REGARDING AMENDMENTS TO DUDEKS CONTRACT FOR THE COASTAL APPEALS PROCESS

Recommendation: Following consideration of this item, that the Council and District Board approve the proposed amendments to Dudek's contract for the Coastal Appeals Process

Delzeit presented the staff report and explained the amendment proposal to Dudek's contract.

Mayor Yates expressed concern over the cost of the contract amendment. Councilmembers Leage and Johnson agreed stating they could read and study the report themselves. Councilmembers Smukler and Borchard chose to comment after public comment.

Directors Fones, Lyon, Chivens and Foster were not supportive of a presentation by Dudek. Foster added that the presentation should have been included, and not an additional cost.

President Enns agreed stating he was not supportive of a meeting. JPA members agreed they could read the report themselves without having to pay extra for a presentation by Dudek.

Mayor Yates opened Public Comment period:

- Marla Jo Bruton, resident of Morro Bay, stated the City has a severe water quality problem. She spoke in favor of tertiary treatment stating that the State Water is paid by ratepayers whether you get water or not; water is dumped that could be tertiary treated. She also addressed the issue of nitrate contamination in the main aquifer and the desal upgrade. Water needs to be safe. She stated the public has not seen the draft report that was released today and that the JPA members are discussing and many people do not have a computer. She asked the JPA to help the community to know what is going on.
- Barry Brannin, resident of Morro Bay, stated the report was well done, but however, it is based on some assumptions that he questions. He stated he read the whole report, and he questions the assumption, and that one could draw the wrong conclusions from them.

Mayor Yates closed Public Comment period.

Councilmember Smukler agreed with the Board regarding the expense. He stated the Coastal Commission is placing requirements on us for a reason in regards to water reclamation and recycling for this project. He spoke in favor of having a follow up meeting to allow staff to present the information and get public comment and have Board discussion.

Mayor Yates asked Dennis Delzeit to give a brief summary of the water reclamation issue. Delzeit reviewed with the Board the background of water reclamation and requirements by the Coastal Commission. He stated that the conclusions are that, it is economically infeasible to move forward with reclaimed water recycling at this time. He pointed out that the recommendations in the report may likely be required as follow up conditions in the coastal permit. The report would be moved forward in its draft form to the Coastal Commission staff for review.

Councilmember Smukler expressed concerns about water supply problems and stated that although it is important to recognize affordability, he doubted that the Coastal Commission staff will remove the requirement of water reclamation.

Mayor Yates responded that the Council wants to recycle the waste water, and stated the only reason to go to tertiary is to eventually recycle the water. He said despite this, it is important to go one step at a time, especially in order to keep rate payers bills low.

Councilmember Smukler agreed and stated it is important to be efficient and consider the ultimate reuse plan.

Councilmember Johnson stated the most important thing is to read the report before debating the merits of recycled water.

CAYUCOS MOTION: Lyon moved to decline the amendment to Dudek's contract. Fones seconded and the motion carried unanimously. (5-0)

Foster stated he supports the motion and noted that just because we are declining, they still do not have authority to submit the study to Coastal Commission until it has been released in its final draft and accepted by the JPA.

Tim Carmel stated it is within the discretion of the JPA to make that determination. The report is intended to be a fluid document with minimal City/CSD staff involvement.

MORRO BAY MOTION: Smukler moved to decline the amendment to Dudek's contract. Borchard seconded and the motion carried unanimously. (5-0)

Director Foster discussed with Delzeit what the point of having a meeting would be if the report goes to Coastal Commission staff either way. Delzeit clarified that Dudek was hired to do an objective analysis which they have done. It would not be appropriate to change the content of the document. Foster spoke in favor of the JPA Board having an opportunity to review and receive public comment prior to submitting to the Coastal Commission.

Councilmember Smukler wants a specific analysis and discussion about the siting of the reclamation facilities.

Mayor Yates disagreed stated the presentation should be only the study and not anything added to it.

Barry Brannin, resident of Morro Bay, came to the podium to add that the report states that it costs \$120/lineal foot to run the pipe. The method of how the recycled water is made is included in the report, but not the plant design.

C-2 DISCUSSION REGARDING POSSIBLE FUNDING STRATEGIES AND ALTERNATIVES FOR THE DEVELOPMENT, OPERATION AND MAINTENANCE OF RECYCLED WATER FACILITIES AND RELATED IMPROVEMENTS. – Verbal report

Recommendation: Following consideration of this item, that the Council and District Board direct staff accordingly.

President Enns presented a verbal report regarding the agricultural community's interest in recycled water and potential for creating a reuse assessment district. Tertiary treated water might benefit the agricultural community. Enns quoted data from Dylan Wade that 1 million gallons per day discharged could irrigate 600-650 acres of avocados for example. Would need to explain to the agricultural district how to get organized and form an assessment district.

No comments from Cayucos board.

Councilmember Borchard spoke in favor of finding an opportunity for the agricultural community to fund and move water for their reuse and need to make sure all stakeholders are represented.

Enns stated his interest was to determine if the Council and Board are interested in pursuing this further.

Both Councilmembers and CSD Boardmembers expressed support.

Yates opened Public Comment period.

- Barry Brannin, resident of Morro Bay, spoke in favor of giving water to the farmers rather than dumping in the ocean. The agricultural coalition would pay attention.
- Marla Jo Bruton, resident of Morro Bay stated water is an important commodity and if catastrophic damage were to occur, there would be a 3 year gap of water deliveries to southern California.

Mayor Yates closed Public Comment period.

President Enns asked Dylan Wade, Capital Projects Manager to respond to public comments. Wade stated staff is actively seeking grants and other funding opportunities.

Councilmember Smukler stated the full Board should support directing staff to spend time to aggressively pursue.

C-3 CONSIDERATION OF SCHEDULING A SPECIAL JOINT MEETING FOR THE PURPOSE OF RECEIVING A PRESENTATION OF THE “DRAFT 2012 RECYCLED WATER FEASIBILITY STUDY

Recommendation: Following consideration of this item, that the Council and District Board schedule a special meeting for March 14, 2012 at 6pm.

JPA Boardmembers discussed with Dennis Delzeit the process for receiving public comment since the Dudek contract amendment was declined and therefore, no meeting will be held on March 14, 2012.

Discussion also continued regarding the final draft of the recycled water feasibility study and how Board and public comments get incorporated into the document.

Livick clarified public comments can be compiled and submitted to the Coastal Commission staff for their consideration.

C-4 SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

Councilmember Smukler asked for a brief review and discussion of alternative grant funds to pursue funding and requested Keogh to submit an update of the current biosolid handling process. Councilmembers agreed.

No Cayucos agenda items for next meeting.

ADJOURNMENT

Mayor Yates adjourned the meeting at 8:04p.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: Bruce Keogh, Wastewater Division Manager

date: April 5, 2012

subject: Status Report on Current Biosolids Practices

recommendation:

This Department recommends this report be received and filed.

fiscal impact:

None

summary:

At the March 8, JPA meeting there were questions raised concerning the current solids handling operation at the plant. This staff report provides a summary of the existing solids handling operations at the plant.

discussion:

Description of the Solids Stabilization Process:

Solids are removed at the plant during the primary and secondary treatment processes. Those solids are pumped to the digesters for stabilization in the form of primary or secondary sludge. A copy of a process schematic for the plant is attached

Sludge stabilization utilizes two heated (96°F to 98°F) and mixed primary digesters in series with a secondary digester that utilizes heat transfer. The secondary digester is allowed to settle and supernates back through the treatment processes. The primary digesters have a capacity of 192,000 gallons and 170,544 gallons and the secondary digester has a capacity of 166,000 gallons for a total of 528,000 gallons. The daily raw sludge-pumping rate to the primary digesters is approximately 9000 gallons per day. Average detention times are approximately 60 days. Temperatures of the digesters and primary sludge flow rates are recorded daily.

Stabilized sludge is drawn from the secondary digester to one of twelve sludge-drying beds with a capacity of 5200 square feet per bed. Each of these beds has an under drain and decant system that drains back through the treatment processes.

Completely dried biosolids are removed from these beds and stored in a concrete containment area that also drains back through the system when it rains. The average moisture content of the dried biosolids averages approximately 80%. Biosolids are stored in this area until they are removed for transportation to a composting facility or composted at the plant. Biosolids storage times are generally less than one year.

Transportation of Biosolids to San Joaquin Composting:

Plant staff requests a price quote from both Liberty Composting Inc., and Engle and Grey Composting on an annual basis that includes both the tipping fee and hauling cost. For the past four years, McCarthy Farms has charged \$42.70 per ton for the biosolids, despite fluctuations in fuel charges. Engle and Grey have consistently been several dollars more per ton in their price quotes. A copy of the Liberty Composting fleet maintenance program is attached.

Based on the results of the price quotes, plant staff has contracted with Liberty Composting Inc., to transport the dried biosolids in storage at the plant to their composting facility located in Lost Hills, California. After the composting process, the compost is utilized as soil amendment on their agricultural operations. Prior to transporting the biosolids, plant staff provides Liberty Composting Inc the required Class B biosolids certification statements, the Residual Biosolids Chemical Analysis and pollutant concentrations, and a Title 22 Certification for Non-hazardous Material.

Total tons produced on an annual basis vary depending on the organic loading to the plant and operational issues such as digester cleaning, etc. The tonnage hauled also varied due to the volume composted on-site at the plant.

From 2003 to 2010, plant staff implemented an on-site biosolids composting operation at the plant. It is important to note that the on-site composting operation was not able to compost all the biosolids produced on an annual basis. The main limiting factor for the composting operation was the volume of clean shredded green waste available for the required composting recipe (approximately 4 parts green waste to one part biosolids by volume). Plant staff discontinued the composting operation in 2011 due to space requirements for the upgrade project.

Summary of Biosolids Production at the Plant from 2007 to 2011

Calendar Year	Total Tons	Hauling Cost	No of Truck Trips per Year	Tons Hauled	Tons Composted On-Site at the Plant	Dried Biosolids In Storage at Plant
2011	144.2	\$8206	8	144.2	0	0
2010	223	\$7319.63	7	130.3	92.7	0
2009	215.7	\$5410.09	6	95.8	82.7	37.2
2008	196.2	\$2,838.70	3	52.5	95.8	47.9
2007	164.7	2,109.71	3	39.9	84.9	39.9

Table Notes:

- 1) All weights are reported in dry metric tons per USEPA reporting requirements
- 2) 2011 to 2008 hauling price was \$42.70 per wet ton; 2007 was \$40.30 per wet ton
- 3) Hauling costs are calculated using cost per ton multiplied by the number of wet tons hauled
- 4) Dry metric tons = (# of wet tons * % solids) * .907 Metric tons/ ton
For example 100 wet tons at 80% solids = 100(.8) (.907) = 72.6 dry metric tons

Reporting Requirements

Plant staff provides an annual biosolids production report to USEPA by February 16 of each year. The report summarizes amount produced, the analytical results of the biosolids, and the fate of the biosolids (composted, land applied, placed in a landfill, etc). A copy of that report is also submitted to the local Regional Water Quality Control Board and San Luis Obispo County Environmental Health Services.

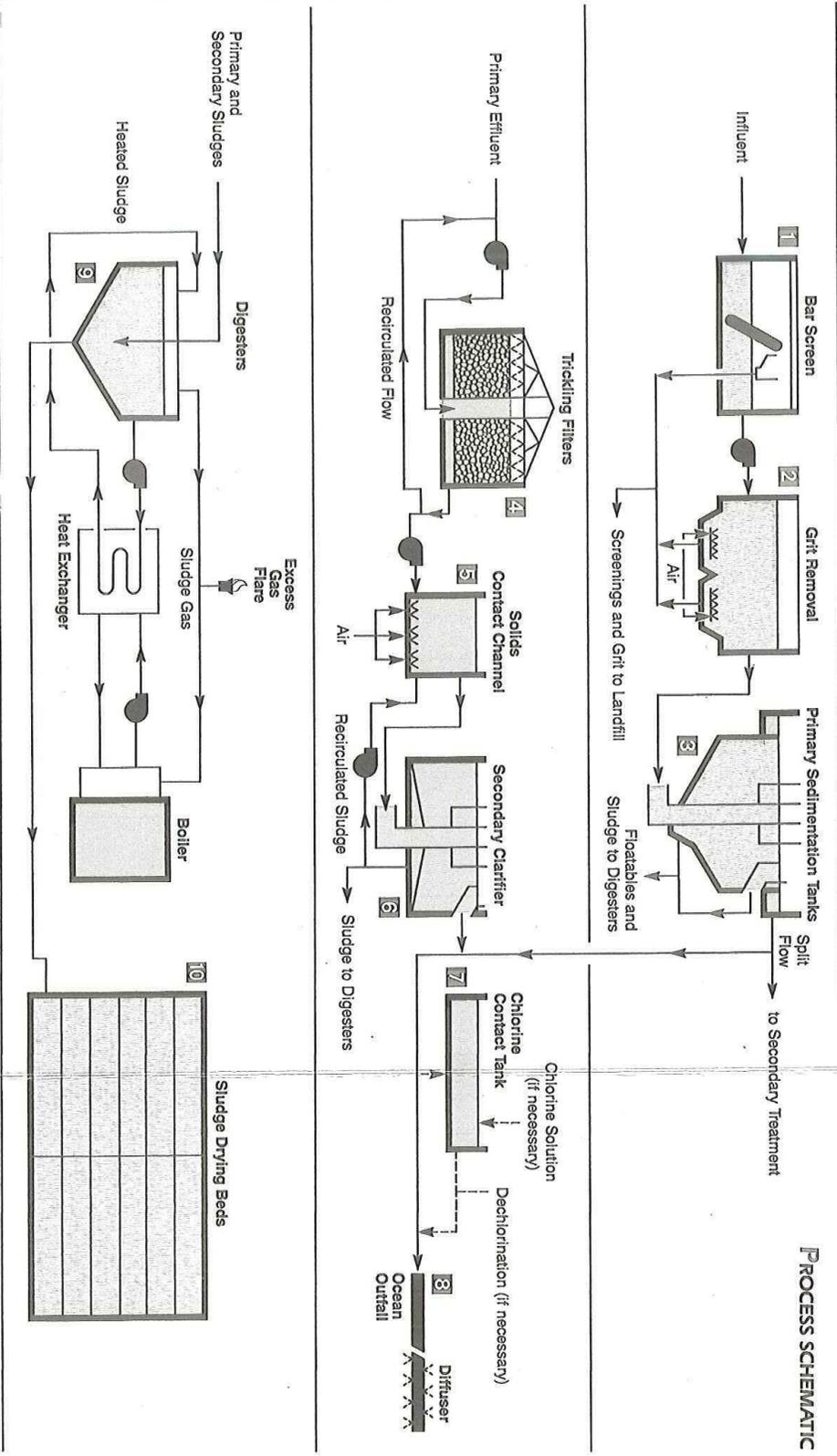
Pollutant Concentrations:

Pollutant concentrations, as required by our current NPDES permit are performed on an annual basis. All analyses comply with EPA prescribed procedures and are performed by laboratories certified to perform these analyses. The analytical results have consistently demonstrated that constituents in the Morro Bay/ Cayucos WWTP biosolids are well below regulatory limits. Copies of the annual biosolids analytical results (as well as other Monitoring Reports for the plant) are posted on the City website at, <http://www.morro-bay.ca.us/index.aspx?nid=355>

Conclusion:

This Department recommends this report be received and filed.

SLUDGE TREATMENT SECONDARY TREATMENT PRIMARY TREATMENT





LIBERTY COMPOSTING, INC.

Administration: 1601 Skyway Drive, Suite 205
Bakersfield, CA 93308
(661) 391-5840
(661) 391-5844 fax

Production: 12421 Holloway Road
Lost Hills, CA 93249
(661) 797-2914
(661) 797-2915 fax

November 1, 2011

RECEIVED

NOV 03 2011

City of Morro Bay
Public Services Department

Mr. Bruce Keogh
Wastewater Division Manager
City of Morro Bay and Cayucos Sanitary District
955 Shasta Avenue
Morro Bay, California 93442

Re: Liberty Composting/ Liberty Logistics Fleet Maintenance Program

Dear Mr. Keogh,

Liberty Composting and Liberty Logistics is proud of its Fleet Maintenance Program and we are constantly striving to reduce our environmental impact by using the newest technology available in the trucking industry. Below are just some of the ways Liberty Composting and Liberty Logistics tries to promote recycling and conservation of limited resources:

- All our power units meet the latest emissions standards;
- Liberty has no power unit in our fleet older than 2007 and those 2007 units are scheduled to be replaced in early 2012;
- Liberty runs bio diesel fuel in our units and uses re-refined oil and extended life coolant;
- All fluids and filters are recycled;
- Liberty uses the lightest weight equipment possible to net higher tons which result in fewer truck trips;
- Liberty uses wide base tires for fuel efficiency along with a tire pressure monitoring system;
- Liberty recaps almost all of our tires multiple times to keep them out of the landfills;
- All our trailers are specifically designed for biosolids hauling;
- All our trailers use sealed tarping systems to reduce odor emissions;
- Extensive driver training to promote safe and efficient operation.

On November 11, 2010, Liberty Composting, Inc., was granted the first gasification/transfer-processing permit ever issued by the State of California and CalRecycle for the express purpose to recycle biosolids into renewable energy, supplying up to 15 megawatts of electricity to the power grid. Groundbreaking for that facility is scheduled in the near future.

Very truly yours,



Drew Kolosky
Liberty Composting, Inc.
Liberty Energy Resources, Inc.
Liberty Logistics, Inc.
McCarthy Family Farms, Inc.
www.libertyrecyc.com

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: April 1, 2012

Subject: Status Report on Upgrade Project as of April 1, 2012

Recommendation: Receive the status report and direct staff accordingly.

Activities during March 2012

- The monthly status report update was submitted to the Regional Water Quality Control Board, as required by approval of the force majeure time extension;
- Susan McCabe & Company has made contact with Coastal Commissioners. Several have expressed interest in early briefings and site visits. Briefing materials were finalized. Three in person meetings have been held with Coastal Commissioners which were attended by Ms. McCabe, MBCSD staff members and the project manager. Commissioners were receptive and appreciated the opportunity to receive information about the project.
- The following additional analysis materials were submitted to the Coastal Commission staff for review during March. These documents are also posted on the project web site:
 - Draft Updated 2012 Recycled Water Feasibility Study
 - Draft Groundwater Basin Safe Yields and Seawater Intrusion Potential Technical Memo
 - Comparative Cost Survey - Reclaimed Water

Looking Ahead-April 2012

- Communications with the Coastal Commission staff will continue for the purpose of scheduling the de novo Coastal Commission hearing for the June meeting;
- The regularly scheduled JPA meeting is April 12.

Fiscal Impact:

- No new expenditures are requested as part of this informational report.

Discussion/Project Overview:

Major Milestone Schedule

- Council certified the EIR and approval of the Conditional Use Permit and Coastal Development Permit January 11, 2011
- Deadline for Coastal Commission Appeals January 31, 2011
- Coastal Commission substantial issue hearing March 11, 2011
- Public Outreach/Workshops June 27 & 28, 2011
- Deadline for the rough screening criteria and alternative sites public comments July 15, 2011
- Coastal Commission staff level meeting in Santa Cruz August 25, 2011
- Public release of the Rough Screening analysis September 1, 2011
- **Rough Screening Analysis Presentation to the JPA** **September 8, 2011**
- Public workshop- Alternative Sites Update September 19, 2011
- Deadline for public comments on the Rough Screening Analysis and Fine Screening criteria and alternative sites September 30, 2011
- Public release of the draft Fine Screening analysis November 3, 2011
- **Fine Screening Analysis Presentation to the JPA** **November 10, 2011**
- Coastal Commission staff level meeting in Santa Cruz (review de novo materials) December 9, 2011
- **Coastal Commission de novo hearing** **To be determined**
- Submit SRF loan application to the State Board On hold
- Issuance of SRF Financing Agreement On hold
- Submit first SRF disbursement request to State Board On hold
- Completion of the Design On hold
- Advertise for Construction Bids On hold
- Receive Construction Bids On hold
- Award Construction Contract, after receiving State Revolving Fund Loan Approval On hold
- Start Construction On hold
- Completion of Construction On hold
- Achieve full compliance with federal secondary treatment Requirements Deadline on hold per force majeure

Dudek - California Coastal Commission - Substantial Issues Study

Dudek contract Fee Status:

- Original Contract Amount: \$345,485.00
- Amendment: \$110,157.00

- Revised Contract Amount: \$455,642.00
- Amount invoiced to date: \$391,824.49
- Amount remaining in contract: \$102,694.68
- Most recent billing amount (3/13/12): \$ 38,877.17
- Percent of contract billed: 86%

MWH Design

Final design of the project will resume after completion of the Coastal Commission Appeal Process.

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, updated cost estimate \$ 18,700.00
- Revised MWH Contract Amount: \$2,737,300.00
- Amount Billed to Date: \$ 474,490.33
- Amount Remaining: \$2,225,509.67
- Most Recent Billing Amount (10/7/11)¹ \$ 4,631.46
- Percent of Contract Billed: 18%

McCabe & Company) California Coastal Commission Communications/Liaison Services

McCabe & Company has been active this past month briefing Coastal Commissioners. Meetings were held with three Coastal Commissioners. These meetings included MBCSD staff and the project manager. In addition to the briefings, McCabe is requesting and emphasizing the importance of placing the hearing on the agenda for the June meeting, in Huntington Beach. McCabe is also arranging site visits with Commissioners.

- Invoice 4/11/11: \$12,500 + \$857.47² = \$13,347.57
- Invoice 5/3/11: \$12,500 + \$98.28³ = \$12,598.28
- Invoice 6/3/11: \$12,500 + \$4,032⁴ = \$16,532.00
- Total billings from start of contract to suspension: \$42,477.85⁵
- Invoice for January 2012, dated 2-29-12: \$12,500.00
- Total amount invoiced: \$54,977.85

State Revolving Fund Loan:

¹ The 5/2/11 invoice is for services rendered 1/1/11 through 1/28/11. MWH work was suspended on 11/19/10 except for completion of surveying, geotechnical report, floor plan layout and support at the PC and CC meetings in support of the permits.

² Travel expenses to Morro Bay and the Santa Cruz Coastal Commission hearing on 3/11/11. The contract fee is \$12,500 per month plus outside expenses.

³ Conference calls outside expenses.

⁴ This is the prorated fee from March 22 through 31 that was not previously billed.

⁵ This is the total fee for services from the beginning to the suspension of the contract: Feb 22 through May 31, 2011. No services were provided between May 31 through December 31, 2011.

The SRF process is on hold pending approval of the California Coastal Commission. Without a Coastal Development Permit from the CCC, the project components are unknown as is the total project cost.

Project Manager, Dennis Delzeit, Activities:

- Prepared and submitted the monthly report to the RWQCB;
- Prepared the monthly status report to the JPA;
- Updated the web site information;
- Prepared staff reports to the JPA regarding the status of McCabe & Company's services and a presentation of the 2012 Reclaimed Water Feasibility Analysis;
- Reviewed the Dudek invoice;
- Reviewed the McCabe & Company invoice
- Attended briefing meetings with Coastal Commissioners that included Ms. McCabe, MBCSD staff.

Dennis Delzeit's 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:	\$140,527.09
▪ Amount Remaining:	\$112,472.91
▪ Most Recent Billing Amount (2/1/12)	\$ 4,734.00
▪ Percentage of contract billed:	56%

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: April 12, 2012

Subject: Status Report on Services of McCabe & Company

Recommendation:

It is recommended that the City Council and District Board consent to the continuation of McCabe & Company's coastal development permit appeal consulting services, with a contractual cap of \$155,000.

Background and Discussion:

At the April 2011 JPA meeting the City Council and District Board authorized the contract services of McCabe & Company ("McCabe") at a fee of \$12,500 per month. The staff report contained a \$155,000 estimate of total fees for the duration of the Coastal appeal process.

When services were initiated it was anticipated that the hearing date would be in February or April 2012. However, the Coastal staff requested additional studies. The Dudek contract was amended and the additional studies have been prepared and submitted to Coastal staff.

Subsequently, the Coastal Commission Executive Director resigned, reorganization of the staff occurred and the staff member that was assigned to the MBCSD project was promoted and the project reassigned. This has disrupted the processing of the project while restaffing takes place.

Coastal staff has indicated that it may be possible to place the Coastal permit appeal de novo hearing on the agenda for the June meeting in Huntington Beach. However, there are no assurances of this. The next potential hearing date after June would be in August in Santa Cruz.

McCabe recognizes the fiscal concerns of the City Council and District Board regarding the uncertainty of scheduling this matter for hearing and is exercising her best efforts to secure a commitment for the June hearing date through communications with Commission staff to determine actions MBCSD can take to assist Commission staff in completing its staff report in time for the June hearing.

McCabe has also been actively briefing Coastal Commissioners. As of the date this report was prepared (3/26/2012), meetings have been held with three Coastal Commissioners and have included MBCSD staff and the Project Manager. Several more in-person briefings with commissioners have been scheduled during the April Commission hearing in Ventura. McCabe is also coordinating with several commissioners who have expressed an interest in site visits of the project, schedules permitting.

Regardless of when the project is scheduled for hearing and/or acted upon by the Commission, Ms. McCabe has agreed to cap her services at the previously estimated \$155,000 amount, to the completion of the permit process.

Fiscal Impact:

Despite our best efforts to expedite the process, the California Coastal Commission Appeal process is long and expensive, with no real ability or means to control the timing of the proceedings and resulting additional costs.

The McCabe & Company billings to date are:

- Invoice 4/11/11: \$12,500 + \$857.47¹ = \$13,347.57
- Invoice 5/3/11: \$12,500 + \$98.28² = \$12,598.28
- Invoice 6/3/11: \$12,500 + \$4,032³ = \$16,532.00
- Total billings from start of contract to suspension: \$42,477.85⁴
- Invoice for January 2012, dated 2-29-12: \$12,500.00
- Total amount invoiced: \$54,977.85

Services have also been provided for February and March and it is expected that invoices for a total of \$25,000 will be received for those services, for a total of approximately \$80,000 through the end of March. McCabe's agreement to cap their fees at \$155,000, represents a significant savings should the de novo hearing extend to August, or beyond.

¹ Travel expenses to Morro Bay and the Santa Cruz Coastal Commission hearing on 3/11/11. The contract fee is \$12,500 per month plus outside expenses.

² Conference calls outside expenses.

³ This is the prorated fee from March 22 through 31 that was not previously billed.

⁴ This is the total fee for services from the beginning to the suspension of the contract: Feb 22 through May 31, 2011. No services were provided between May 31 and December 31, 2011.

The project as defined in the City and District Coastal Development Permit Application is roughly estimated to cost approximately \$35,000,000. Although it does not soften the impact, the costs of McCabe's services are rather small in comparison to the estimated project cost. Denial of the Coastal Development Permit for this project would result in substantial negative fiscal consequences to the rate payers. On balance, staff firmly believes the sizeable investment in McCabe's services is worthwhile.

Conclusion:

It is acknowledged that the coastal appeal delays and concomitant increased costs are extremely frustrating and disappointing to the City and District. It is staff's opinion that abandoning the services of McCabe & Company at this critical juncture would cause a significantly reduced chance of receiving approval of the Coastal Development Permit. MBCSD has worked hard to expended significant time and expense to maximize its chances of obtaining a favorable staff recommendation. However, the Commission may reject the staff recommendation or condition it in ways that jeopardize the feasibility of constructing the WWTP. Experience shows that on-going communications with commissioners to educate them on important issues and to understand and address concerns they may raise will significantly improve the chances for success of the WWTP.

Susan McCabe is a former Coastal Commissioner. Her key staff member on the project, Anne Blemker, is a former Coastal Commission staffer. As such, this team has specialized knowledge, experience and understanding of the factors that will enable the best chances of successfully obtaining the Coastal Development Permit for the project. Although it is undesirable to continue spending funds on the appeal, it is less desirable to abandon the critical communications needed to effectively educate Commissioners and lose the positive momentum that has been achieved to date with Coastal Commissioners and Coastal Commission staff. For these reasons, it is strongly recommended that McCabe & Company's services continue through the completion of the appeal process.

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: April 12, 2012

Subject: Presentation-Draft 2012 Recycled Water Feasibility Study

Recommendation:

It is recommended that the City Council and District Board receive the presentation of the draft 2012 Recycled Water Feasibility Study.

Background and Discussion:

In processing the appeal of the Coastal Development Permit, the California Coastal Commission staff is requiring the preparation of a recycled water feasibility study.

The 2012 Recycled Water Feasibility Study was prepared by Dudek under a contract with the City Council and District Board (JPA). It is in draft form and is posted on the project web site (3/9/12) and hard copies have been provided to the City Council and District Board (3/9/12). This study is currently under review by the California Coastal Commission staff (submitted on 3/13/12).

At the March 8, 2012 JPA meeting the City Council and District Board requested a presentation of this study. A PowerPoint presentation of the study will be made at the April 12, 2012 meeting of the Dudek report, by the Project Manager, Dennis Delzeit.

Fiscal Impact:

The presentation of the report will have no fiscal impact.

City of Morro Bay and Cayucos Sanitary District

Draft 2012 Recycled Water Feasibility Study

Prepared by Dudek

Presented by Project Manager, Dennis Delzeit, P.E.

JPA Meeting April 12, 2012

Study Purpose

- Comply with the Coastal Commission Staff's Request
- Examine the technical feasibility and economic feasibility of treating and transporting Recycled Water to a beneficial use
- Provide an update of the information contained in the 1999 Carollo Study-
 - Sources of Water Supply,
 - Wastewater Generation,
 - Potential Opportunities for Recycled Water,
 - Update the Cost Estimates

Water Supply Adequacy

The supply for Morro Bay and Cayucos exceeds the future estimated demand

Morro Bay Water

- Supply 3,682 afy
- Demand 1,548 afy

Cayucos Area

- Supply 689-754 afy
- Demand 608-641 afy

Recycled Water Opportunities

- Landscape Irrigation: 12 potential users, 117 afy
- Agricultural Irrigation: Only 1 responded to the survey- potentially 500 afy, avocados
- Direct reuse: 6 potential users within Morro Bay, 19 afy
- Groundwater Recharge: Not feasible at this time
- Seawater Intrusion: None detected
- Stream Augmentation: Not environmentally preferred alternative.
- Reservoir Augmentation: Infeasible

Market Assessment Finding #1

Direct Ag Reuse:

- Jurisdictional Restrictions-Outside service areas, SLO Co. & LAFCO
- Avocado Tree Sensitivity to salts, particularly Cl
- Ocean Outfall needed during low demand periods
- Pricing-Not competitive

Market Assessment Finding #2

Direct Reuse for Landscaping & Commercial Users:

- Morro Bay High School and Golf Course account for 90% of the potential.
- Both are irrigating with non-potable wells.
- No cost saving or potable water saving incentives...

Market Assessment Finding #3

Groundwater Recharge Opportunities

- Chorro Basin offers the most potential benefit.
- Stream augmentation that could maintain 1.4 cfs would allow additional sustained well usage and improve the reliability of the City's groundwater supply.
- Regulatory requirements would be extensive

Cost Estimates

Estimated Costs of Recycled Water

- Service Area #1- City of Morro Bay: \$4,690 per acre foot
- Service Area #2- Hwy 41 Ag Corridor: \$3,380 per acre foot
- Service Area #3- Cayucos area: \$22,900 per acre foot

Cost of Current Potable Water Sources

- State Water: \$1,570 per acre foot
- Brackish Reverse Osmosis: \$980 per acre foot
- Seawater Reverse Osmosis: \$1,540 per acre foot
- Wells: \$125 per acre foot

Theoretical 100% Full Reuse Project

Assuming: Full reuse of the plant flow of 1.5 mgd, (1,680 afy), and Seasonal Demand Variation

Conclusion: The project is not feasible for the following reasons

- Not enough demand in Morro Bay and Cayucos
- Off season storage requirement is 160 million gallons
- Cost for a storage reservoir (lake) is \$70-100 million
- Environmental impacts could be substantial

Study Team Recommendations

1. Upgrade to tertiary treatment at the current site.
2. Upon completion of the upgrade, implement reuse as for wash down and process water.
3. Upon completion of the upgrade, continue to examine opportunities for local reuse.
4. Collaborate with other stakeholders in the preparation of a Salt and Nutrient Management Plan.
5. Upon completion of the upgrade, investigate opportunities to supply the golf course.

Study Team Recommendations

6. Continue to investigate funding opportunities for recycled water implementation.
7. Continue the water conservation program.
8. Update the water supply and demand data every 5 years when the Urban Water Management Plan is updated.

Comments and Questions

Comments and questions are welcomed in any of the following methods:

- At the JPA meeting;
- On line comment form;
- In writing by submitting to the City or District office;
- In writing to the California Coastal Commission staff.

Topical responses will be provided and included in the appendix to the Study.