

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

MEETING DATE:

6:00 p.m., Thursday, October 9, 2014

HOSTED BY:

Cayucos Sanitary District

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

Jamie Irons, Mayor
Christine Johnson, Mayor Pro Tem
George Leage, Councilmember
Nancy Johnson, Councilmember
Noah Smukler, Councilmember

MEETING PLACE:

Cayucos Veteran's Hall
10 Cayucos Drive, Cayucos, CA 93430
and
Portola Hotel, Ironwood 1 Conference Room
2 Portola Plaza, Monterey, CA 93940

CALL TO ORDER AND ROLL CALL

President Enns called the meeting to order at 6:03. Roll call was taken and all Cayucos Sanitary District Board Members were present. All Morro Bay City Council members were present with the exception of Mayor Irons who will be teleconferencing in to the meeting from Monterey, CA as soon as the communication network is established.

Cayucos staff members present were District Manager Rick Koon, District Counsel Tim Carmel and Administrative Services Accounting Manager Anita Rebich.

Morro Bay staff members present were Public Services Director Rob Livick, Engineering/Capital Projects Manager Rick Sauerwein, WWTP Division Manager Bruce Keogh, City Legal Counsel John W. Fox, and City Manager David Buckingham.

COUNCIL AND BOARD ANNOUNCEMENTS

Mayor Pro Tem Christine Johnson announced that with Mayor Jamie Irons teleconferencing from a different location we would hold the Regular meeting and Special meeting concurrently. She formally opened the Special meeting. Mayor Pro Tem Johnson also announced that a roll call vote will be required on all action items, since the meetings were running concurrently; one roll call vote would suffice for both meetings.

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.

President Enns opened Public Comment period. Hearing none.

President Enns closed Public Comment period.

A. CONSENT CALENDAR

A-1 MINUTES OF SEPTEMBER 11, 2014 JPA MEETING

Recommendation: Approve as submitted

A-2 STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP

Recommendation: Receive and file

MORRO BAY MOTION: Noah Smukler moved to approve the Consent Calendar. George Leage seconded.

ROLL CALL VOTE: Smukler (yes), C. Johnson (yes), N. Johnson (yes), Leage (yes).

Motion passed **4-0**

Telecommunications with Mayor Irons had not been established at the time of the vote.

CAYUCOS MOTION: Dan Lloyd moved to approve the Consent Calendar in its entirety, Dan Chivens seconded.

ROLL CALL VOTE: Lloyd (yes), Enns (yes), Chivens (yes), Lyon (yes), Foster (yes).

Motion passed **5-0**

Bruce Keogh commented he had nothing further to add to his status report presented on the MMRP except to say that his crew is ecstatic that the influent screen project has been completed, the second screen was installed today and all that's left is a few punch list items.

C. NEW BUSINESS

C-1 REPORT BY THE MAYOR AND CAYUCOS SANITARY DISTRICT PRESIDENT ON THE OCTOBER 2, 2014 JPA TECHNICAL COMMITTEE MEETING

Recommendation: Receive and file

President Enns spoke about a conversation he and Mayor Irons had earlier in the day and they had agreed that both agencies must work together, be consistent with communication with each other and that Morro Bay would be the lead agency on the scope of work for the Carollo report. Enns touched on a couple talking points that were discussed between Mayor Irons and himself:

- Cayucos stressed that in a meeting with RWQCB last year, it was requested we, Morro Bay and Cayucos, look at a regional facility, we look 75 years out and that we consider the Rancho Colina site.

- The CMC site was discussed as far as benefits to the restoration of the Chorro Valley aquifer
- Costs of moving to CMC were discussed and it was agreed that we would focus on the reliability of the estimates that are out there.

Mayor Irons teleconferenced into the meeting at 6:13 p.m.

Mayor Irons acknowledged the talking points between himself and President Enns. He spoke of the 10/2/14 Technical Committee meeting, the relationship that would have to exist between the Cayucos Board and Morro Bay City Council especially with Morro Bay taking the lead role. Both the City and Cayucos had done their own analysis and studies and both had different methodology; it comes down to Morro Bay prefers the Rancho Colina site and Cayucos prefers the CMC site. Mayor Irons reiterated that direction needed to be given to the respective staffs to work collaboratively and cooperatively throughout the site selection process.

Rob Livick reported that the final scope of work with Carollo is complete and the kick-off meeting with Carollo is Oct 10th. Morro Bay will press Carollo to get the analysis rolling in order to obtain the information that's needed to make a decision at the November meeting. President Enns questioned the 45 day contract completion date for the preliminary report; stating it falls after the November City Council meeting. Livick said they will work with Carollo to expedite the process in order to facilitate accurate and timely information for that meeting. Livick concluded that more information on this will be reported in Item C-3.

Smukler stated the Technical Committee meeting was an important meeting that brought out the Cayucos goals and objectives along with the shared goals of both Morro Bay and Cayucos. He feels the logistic and bureaucratic hurdles of going to CMC need to be identified in order to do an accurate comparison of the two sites.

Nancy Johnson is concerned about the timeline of the reports, and decisions being made from preliminary information.

Christine Johnson appreciates the two boards coming together and discussing these issues. She also thanked the respective representatives from the Regional Water Quality Control Board (RWQCB) and the County, for taking the time and showing their interest by being here.

President Enns opened Public Comment period. Hearing none.

President Enns closed Public Comment period.

Mayor Irons thanked the agencies for being present. He stated that as we get closer to the end of the analysis and are ready to make a decision on the site; it's imperative that we reach out and have open communications with these agencies. He asked that a motion be made by the Morro Bay City Council for staff to work cooperatively with Cayucos, share draft reports and findings and for Morro Bay to be the lead agency for the WRF studies.

Legal Counsel Carmel interjected that this item is a "Receive and File" item and no formal motion is required but a directive to staff is fine.

Mayor Irons wants the directive to come from the Council and the Board and not just the Technical Committee.

Smukler appreciates the intent of the directive and feels this would be more appropriate after Item C-3

C-2 PRESENTATION BY JOHN F. RICKENBACH CONSULTING ON THE PROJECT STATUS OF THE WATER RECLAMATION FACILITY

Recommendation: Receive and file

A presentation by John Rickenbach of John F. Rickenbach Consulting (JRF) provided an update of the ongoing efforts for the new WRF project including recapping the goals for the new facility, timelines of both past efforts and those going forward and current studies that are underway.

Rickenbach addressed the current CMC analysis underway and pointed out some of the key issues:

- Cost to expand the site for regional use
- Funding
- Permitting implications
- Potential water use benefits
- Logistics of a regional partnership
- Implications for Morro Bay ratepayers

Rickenbach concluded the presentation by stating that JFR would like to use all the assumptions from the CMC analysis and apply the same to the Rancho Colina site. He pointed out that the preliminary 5 year schedule developed by JFR has concurrent projects running throughout the schedule.

The Council and Board thanked Rickenbach for the presentation, for bringing Cayucos up to speed, and stated the timeline that's been laid out is crucial. They are looking forward to the completion of the studies and seeing the apples to apples comparisons.

President Enns opened Public Comment period. Hearing none.

President Enns closed Public Comment period.

There was concern expressed by Cayucos about not having the final Carollo report prior to the decision the City Council is prepared to make on site selection at the November 12 meeting. A thorough comparison of the two sites is crucial to making an informed decision. With Morro Bay leaning towards the Rancho Colina site and Cayucos leaning towards CMC, it's imperative that an adequate and thorough evaluation be completed prior to a decision.

Mayor Irons stated he feels Morro Bay has operated with thoroughness and diligence and the 5 year goal is an aggressive but realistic goal. He is pleased that from the past studies, we have come out of this with two viable sites. The citizens of Morro Bay need to recognize the process and why Morro Bay is entertaining the CMC site as an option. The City could have made the decision last year on their preferred site, but this is a partnership between the City and Cayucos, the separate paths that we both have gone down now need to come together for the final decision.

Smukler felt that having two great site options to choose from is an enviable situation to be in. He's not willing to frivolously throw out the timeline, and would like to see the November date be met so we can push forward. Smukler continued by requesting the Cayucos Board and staff tour the Rancho Colina site, as Morro Bay has done. He also feels it would be beneficial to our decision if we all could get a tour of the CMC plant.

Christine Johnson confirmed with Livick, that the California Coastal Commission has been kept informed during the new site selection process. She also stated that Morro Bay looks at the water situation quite differently than they did a couple years ago. Morro Bay is 98.5% reliant on State water; Cayucos doesn't have that same concern, so the need for reclamation and water diversity is of the utmost importance to Morro Bay.

C-3 OVERVIEW OF THE PARTNERSHIP ON CMC ALTERNATIVE ANALYSIS BY CAROLLO ENGINEERS

Recommendation: Council and District Board review and provide direction to staff for any future action resulting from the CMC analysis

Livick gave a brief overview of his staff report stating the CMC site is being evaluated as an alternative to the Rancho Colina site based on requests from Cayucos Sanitary District and the RWQCB. The study underway by Carollo is to provide an "apples to apples" comparison of the two sites, and bring the findings to the City Council on November 12.

Livick recapped the scope of work for the Carollo CMC analysis:

- Evaluate the existing capacity of the current plant
- Detailed analysis of the improvements that would be required to meet capacity for a regional facility
- Footprint and area of new facilities that would be needed for required capacity of a regional facility
- Cost estimates for construction of improvements
- Estimate of lifecycle cost for the regional facility
- Feasibility and cost of proposed pipelines and pump station(s) to convey raw wastewater from current site to CMC site
- Draft Technical Memorandum (TM) due in 45 days, Final TM due 60 days from 9/30/14 contract date

President Enns introduced Ken Harris, Executive Officer of the Central Coast Regional Water Quality Control Board. Mr. Harris pointed out that our site selection is something that we'll have to live with for a long time. He suggested we give ourselves adequate time to make the very best decision, even if it means pushing a date out a few weeks. Harris spoke on how the drought is driving groundwater management and recycled water is in everyone's future, not just purple pipe irrigation, but for drinking. Harris feels funding issues would be better addressed for a multi-community, regional project, and he urged the City of Morro Bay and Cayucos to talk to them when it comes to permitting and grant funding or low cost loans. The advantage the regional board has over local agencies is their access to State level agencies and contacts and their ability to make things happen in a relatively short period of time.

Christine Johnson asked Harris if he could give us insight as to a timeline or requirements for transfer of ownership of the CMC plant from the State to the County. Harris said he currently doesn't know the status of where the State stands; he is willing to commit to a phone call to get an update.

Smukler inquired on the State Water Board's ability to assist with some funding for the Carollo analysis. Harris explained that the CMC owes approximately \$500,000 in Mandatory Minimum Penalties and there is the ability to direct up to half of those funds to the CMC project. The Water Board is currently working to secure monies to help with the expense of the Carollo contract, which shouldn't be an issue and he'll get us an answer as soon as possible. Harris concluded by advising the City of Morro Bay and Cayucos on the value of our ocean outfall, and to not give it up.

Lloyd thanked Mr. Harris and voiced the fact that we need to enlist willing participants to move us forward, and he would appreciate Harris and the Water Board's assistance and direction.

President Enns introduced Jean-Pierre Wolff, Chairman of the Central Coast RWQCB who presented the opportunities he sees in front of us:

- Ability to leverage new technologies
- New tools and options i.e. groundwater direct injection for groundwater recharge
- Historic legislation changes that could benefit the project
- Financing and other opportunities for funding due to the unprecedented drought

Mr. Wolff echoed the sentiments of Mr. Harris regarding their willingness and eagerness to assist. He wants to put our timeline into perspective; we have a project that will last half a century (600 months). We only have one opportunity to do it right, what is one more month in relation to 600 months. The RWQCB is viewed as the regulators, Wolff commented, they also want to be known as facilitators.

Christine Johnson posed the question of Los Osos being the newest facility on the Central Coast. Was it run through the regional process and has it been considered as a regional facility. It sits right next door to Morro Bay and has the latest technology.

Mark Hutchinson, SLO County Deputy Director of Public Works for water, wastewater and environmental services, explained the County has no current position on regionalization; however, there are County districts that have blanket policies that address regionalization and allow this type of issue to be looked at. When Mr. Ogren was with the County, they got as far as presenting a formal proposal to the California Department of Corrections and Rehabilitation (CDCR) on moving forward with the CMC site. Hutchinson said the CDCR and Sacramento are currently fully engaged in water supply issues and there has been no movement on the County's proposal. Regarding the Los Osos facility, Harris stated Carollo had determined there was no benefit to Los Osos to join with Morro Bay or with CMC as a regional facility because they needed to bring 100% of the recycled water back to Los Osos.

President Enns thanked Mr. Hutchinson for his insight and reiterated that we really need to think regionally, not just for wastewater and CMC, but in terms of water supply and the ability to transfer water throughout the County.

President Enns opened Public Comment period.

- Ken Harris spoke on the cooperative efforts going on in Monterey and Salinas with recycling wastewater that was previously drained to into ditches. It will now be used for irrigation and introduced back into the ground to assist with halting saltwater intrusion. The Monterey plant is very progressive with not only treating wastewater, but reclamation and reuse of water. Whichever site we select; Harris suggested we make sure we can use 100% of the recycled water.
- David Buckingham said he was interested in seeing Rickenbach provide not only capital costs for both sites but long term operating costs especially as they relate to energy use and pumping costs. As far as the County and the Los Osos project, he found it very interesting that the County who has the best regional view came to a non-regional decision for the Los Osos plant.

- Ken Harris spoke on the long and colored history of the Los Osos project. When looking at Los Osos for regionalizing; it's very complicated and unique, not to mention the Los Osos basin which is experiencing severe seawater intrusion.

Hearing no further comments, President Enns closed Public Comment period.

There was discussion regarding any operating efficiencies that would come from regionalization, not creating our own colored past, fully analyzing the benefits to both the Chorro and the Morro Valleys, working with Carollo to get information in time for the November 12th meeting and sticking with the timeframe to get the site selection done and keep moving forward.

MORRO BAY MOTION: Noah Smukler moved to direct our staffs to work collaboratively with our potential regional partners and regulators to develop a comparative analysis of both options with the intent of review, discussion and a potential decision at the November 12th Council meeting and the November 13th JPA meeting. Mayor Irons seconded.

Legal Counsel Carmel stated that Staff set this up for direction, not action; so there is no formal motion.

Discussion ensued on the specific dates and actions stated in Smukler's motion.

Legal Counsel Fox stated his position is that the only way for Council to provide direction to staff is by way of a motion. Direction is action and the Council, should they so choose; can make and adopt a motion to direct staff to move forward.

Mayor Irons emphasized that at the JPA Technical Committee meeting there was a commitment by both Morro Bay and Cayucos to direct their staff to work collaboratively and cooperatively. Mayor Irons expects that President Enns will make the same motion on direction.

ROLL CALL VOTE: Smukler (yes), Irons (yes), C. Johnson (yes), Leage (no), N. Johnson (no).
Motion passed **3-2**

In keeping with the opinion of Legal Counsel Carmel, the Cayucos Board did not make a motion or vote; however they did reiterate the need to work collaboratively and cooperatively with all agencies involved.

C-4 SCHEDULE NEXT JOINT MEETING AND FUTURE AGENDA ITEMS

The next JPA meeting is scheduled for November 13, 2014 and will be hosted by The City of Morro Bay.

ADJOURNMENT

Mayor Pro Tem Johnson adjourned the special meeting at 8:56 pm.

Minutes Recorded by:
Anita Rebich, Cayucos Sanitary District