

AGENDA ITEM: A-1

DATE: 1-8-15

ACTION: Approved

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

MINUTES - Synopsis

**CAYUCOS SANITARY DISTRICT
BOARD OF DIRECTORS:**

Robert Enns, President
Dan Chivens, Vice-President
Michael Foster, Director
Shirley Lyon, Director
Dan Lloyd, Director

**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 DATE:

6:00 p.m., Thursday, November 13, 2014

MEETING PLACE:

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

HOSTED BY:

City of Morro Bay

CALL TO ORDER AND ROLL CALL

Mayor Irons called the meeting to order at 6:09 p.m. and asked the record to show all Councilmembers were present and there is a quorum. Robert Enns stated all Cayucos Sanitary District Board Members were present.

Morro Bay staff members present were Rob Livick, Bruce Keogh, David Buckingham, Joseph Pannone and Kay Merrill.

Cayucos staff members present were District Manager Rick Koon and District Counsel Tim Carmel.

COUNCIL AND BOARD ANNOUNCEMENTS – NONE

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 Irons opened Public Comment period.

Betty Winholtz spoke on Agenda item C-2 and stated selecting a site has taken entirely too long and enough delay has taken place in making a decision for the final site selection of the Water Reclamation Facility. She stated the CMC location came in at the “11th hour”.

Bill Martony spoke on Agenda item C-2 and stated it appears the RWQCB is forcing their thoughts and ideas on the site location for the Water Reclamation Facility. He stated the logical choice is Rancho Colina and suggested the JPA look into the Los Osos regional site.

Marla Jo Bruton Sadowski stated the comments made at the City Council meeting last night were intimidating and it was unusual that the RWQCB and LAFCO were at last night’s meeting. She also spoke about the Los Osos project.

Richard Sadowski stated there is a capacity issue with the current WWTP and hopes the new project is capable of handling large volumes. He stated the public needs to be aware of the different outfalls for various sites.

Mayor Irons closed Public Comment period.

A. CONSENT CALENDAR

A-1 MINUTES OF OCTOBER 9, 2014 JPA MEETING

A-2 MINUTES OF OCTOBER 9, 2014 SPECIAL JPA MEETING

A-3 STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP

A-4 WWTP OPERATIONS REPORT THROUGH JULY, 2014

MORRO BAY MOTION: Christine Johnson moved to approve Consent Calendar, Noah Smukler seconded and the motion passed unanimously (5-0).

CAYUCOS MOTION: Dan Lloyd moved to approve the Consent Calendar, Michael Foster seconded and the motion passed unanimously. (5-0).

B. OLD BUSINESS - None

C. NEW BUSINESS

C-1 REPORT ON STATUS OF CMC ALTERNATIVE CAPACITY ANALYSIS BY CAROLLO ENGINEERS

Mike Nunley provided an update on the Corollo analysis. Some of the preliminary findings are based on recommendations from the California Department of Corrections and Rehabilitation (CDCR) and have concluded a minimum of two more oxidation ditches will have to be installed, at least two more clarifiers will have to be added, the number and size of filter modules and UV units will double.

Mike Nunley clarified there is insufficient capacity for either Morro Bay or for Cayucos at the CMC site and will ask Corollo to address oxidation ditch systems and equalization storage in their report.

Rob Livick clarified CDCR, Regional Water Quality Control Board (RWQCB), County staff and Supervisor Gibson were invited to the City Council meeting on November 12, 2014 to provide information regarding the process and to educate the council concerning their views on the various reports.

C-2 REVIEW OF CITY COUNCIL DISCUSSION AND ACTION ON FINAL SITE SELECTION OF THE WATER RECLAMATION FACILITY

David Buckingham stated the City Council did not select a site during the meeting on November 12, 2014 because the Carollo cost analysis was not complete.

Robert Enns stated in response to public comment that the CMC site just “popped up” at the last minute is incorrect. The CMC site has been on the table for a couple of years.

John Rickenbach gave a presentation on Site Comparison.

The goals of the presentation were to:

- Summarize City Council Direction
- Summarize Preliminary Report Findings
- Make Recommendations for Next Steps
- Take Public Input

The goals for the new WRF are:

- Produce Tertiary Treated Wastewater
- Reclaim Wastewater for a Variety of Purposes
- Allow for Onsite Composting
- Design for Energy Recovery
- Design to Treat for Contaminants of Emerging Concern
- Design for Other City Functions
- Ensure Compatibility with Neighboring Land Uses

Previous Public Input and City Council Direction – Historical Context:

- Rough Screening Evaluation (Dudek; September 2011)
 - Examined 17 sites, including current WWTP site
- Fine Screening Evaluation (Dudek; November 2011)
 - Examined 3 sites; recommended current WWTP site
- Coastal Commission denies CDP (January 2013)
- City begins process to find new WRF site (May 2013)
- Stakeholder Interviews and Workshops (June – November 2013)

Recent Public Input Opportunities:

- Stakeholder Interviews (July 2013)
- Public Workshop #1 (August 2013)
- Technical Presentation (September 2013)
- Public Workshop #2 (November 2013)
- First City Council Hearing (November 2013)
- City Council Recommends Sites (December 2013)
- City Council Establishes 5-Year Goal (February 2014)
- City Council Chooses Site; Directs CMC Study (May 2014)

Recent Reports and Findings:

- Options Report (December 2013)
 - Narrowed 17 Sites from 2011 Screening Report to 7
 - Analysis based on relative weight of public concerns
 - Report assumed “City only”, not regional participation

- Morro Valley (Site B) ranked highest

- Report on Reclamation and Recommended Sites (May 2014)
 - Identified Reclamation Opportunities in detail
 - Recommended Rancho Colina Site of four studied
 - Presented 5-Year Work Plan

City Council Direction:

- Confirmed Goals for New WRF (Dec 2013)
- Established 5-Year Goal to be Operational (Feb 2014)
- Choose Three Preferred Sites for further study and refinement (Dec 2013)
 - Morro Valley (Site B)
 - Chorro Valley (Site C)
 - Giannini Property (Site G)

Directed Staff to Report on:

- Water Reclamation Opportunities
- Schedule, Work Plan, and Cash flow Analysis
- Project Management Approach
- Technical Advisory Committee Structure

City Council Direction:

- Chose Rancho Colina Site as City's Preferred Option (May 2014)
- Directed Investigation of Regional Option at CMC (May 2014)
- Council to Make Final Site Decision in Fall 2014

Report Purpose and Structure

Purpose of the Report:

- Respond to City Council Direction
- Compare CMC and Rancho Colina as regional options
- Provide preliminary conceptual cost comparison
- Update previous information as appropriate
- Provide input from WRFCAC
- Facilitate a Recommendation about the most appropriate site

Comparative Analysis: Key Issues

- Rough Cost of Expanding Existing Site for Regional Flows
- Funding Options – Realistic Look at Grants and Loans
- Permitting Implications
- Potential Water Use Benefits to City
- Logistics of a Regional Partnership
- Implications for Morro Bay Rate Payers

Conceptual Framework of Analysis:

- Compares CMC to Rancho Colina
- Technical Studies inform the Full Report
- Report is Framed with Key Questions

Key Questions:

- Unique regional benefits for either site?
- Comparative Cost Savings at the two sites?
- Relative Water Supply Benefits?
- Relative Water Reclamation Opportunities?
- Relative Regulatory or Logistical Constraints?
- Physical Constraints for Expansion?
- Environmental Issues?
- Discharge limitations that affect design?
- Is City's 5-Year Goal Achievable at either site?
- City's role in constructing and operating a regional plant?
- Comparative site advantages for securing funding?

Key Technical Studies:

- Expansion-Related Cost (Carollo Engineers)
- Funding Options (Kestrel Consulting)
- Permitting for Discharge (Larry Walker Associates)
- Potential Water Use Benefits to City (Cleath-Harris)

Reporting to City Council:

- Sept 23 – Permitting Issues (LWA)
- Oct 14 – Funding Options (Kestrel)
- Oct 28 – Water Use Benefits (Cleath-Harris)
- Nov 12 – Report to Council (JFR Consulting)

Preliminary Report Findings

Preliminary Conclusions

- Rancho Colina appears to be better overall
- CMC Site faces substantial logistical challenges
- Cost analysis still not complete
 - Could affect report's conclusions
 - Will shed more light on facility needs and design

A. Unique Regional Benefits?

- Both sites have advantages
 - CMC combines multiple agencies at one site
 - Rancho Colina maximizes regional Ag reclamation
 - Both sites are close to regional water network
- Will take longer to realize regional benefits at CMC
- Rancho Colina potentially better overall

B. Comparative Cost Savings?

- TBD Pending Carollo Report
- Progress Report on Carollo Study
- Preliminary Findings

C. Unique Water Supply Benefits?

- CMC Site

- Greater potential direct benefit in drought years
- Could be negated somewhat by minimum stream flow and water rights issues

- Rancho Colina Site
 - Better in normal and wet years
 - CSD's participation would improve the City's benefit
 - Ag reclamation would indirectly benefit City supply
 - Less complex permitting

Both sites are beneficial, with unique considerations

D. Agricultural Reclamation Potential?

- CMC Site (Chorro Valley)
 - 545 acres of potential irrigated acreage between CMC site and City
 - Much of this is at higher elevation than the plant site
 - Dairy Creek Golf Course uses about 250 AF – 188 from current plant
- Rancho Colina Site (Morro Valley)
 - 1,100 acres of irrigated Ag, most near WRF site and City
 - About 70% of this is at lower elevation than the site
 - Greater Ag water demand in Morro Valley

Rancho Colina is better overall – greater opportunity potential
Existing CMC plant could still serve Dairy Creek

E. Regulatory or Logistical Constraints?

- CMC Site – Substantial Logistical Challenges
 - CDCR recently upgraded plant; not interested in more expansion soon
 - Potential transfer of site encumbered by bond restrictions
 - Would take much study and time to get potential go ahead from other state agencies
 - County in best position to lead, but not a priority for County Public Works Department
 - State cannot directly serve municipal customers under current regulations
 - Multi-agency framework would be needed, and would take time
 - Lack of coordinated effort among agencies makes timing goals problematic
- Rancho Colina Site – Fewer Challenges
 - Private property owner
 - Multi-agency framework not needed, unless CSD participates
 - 5-Year Goal is more realistically achievable

Rancho Colina is substantially better overall

F. Physical Constraints Affecting Design?

- TBD Pending Carollo Report
- Progress Report on Carollo Study
- Preliminary Findings

G. CCC Environmental Issues?

- CMC Site
 - Far from coast; so visual and coastal access not issues

- ESHA adjacent to, but not on, developable site area
- Prime agricultural soils on site
- Rancho Colina Site
 - Far from coast; so visual and coastal access not issues
 - ESHA adjacent to, but not on, developable site area
 - Pipeline would traverse known cultural resource site (CA-SLO-165)
 - Less energy used and GHG emissions, because site is closer to City

Both sites similar overall, within some minor differences

H. Is a 5-Year Goal Achievable?

- CMC Site – No
 - CDCR recently upgraded plant; not interested in more expansion soon
 - Would take much study and time to get potential go ahead from other state agencies
 - County in best position to lead, but not a priority for County Public Works Department
 - State cannot directly serve municipal customers under current regulations
 - Multi agency framework would be needed, and would take time
 - Lack of coordinated effort among agencies makes timing goals problematic
- Rancho Colina Site – Potentially
 - Private Property Owner
 - Multi-agency framework not needed, unless CSD participates
 - 5-Year Goal more realistically achievable

Rancho Colina is substantially better overall; not possible to achieve 5-Year Goal at CMC

I. City's Role in Regional Facility?

- CMC Site
 - City would not direct overall project
 - CDCR would retain control over facility; County likely involved
 - City would be customer, not operator
 - City and CSD would be responsible for pipelines and related infrastructure
- Rancho Colina Site
 - City would direct project to meet City's needs
 - City would own, operate and maintain facility
 - If CSD involved, that agency could be a customer

Rancho Colina allows more control for City

J. Relative Funding Advantages?

- Both Sites
 - Water supply benefits improve grant/loan potential
 - Most funding opportunities would be the same at either site
- CMC Site
 - Potential access to various state funding sources
 - If WRF does not further CDCR goals, unlikely to get money from them

- Rancho Colina Site
 - Solving seawater intrusion and water quality issues could improve funding

Neither site has major advantages

Summary

- Rancho Colina appears to have more relative advantages
- CMC faces substantial logistical challenges
- 5-Year Goal potentially achievable at Rancho Colina, not at CMC
- Completion of Carollo study will shed light on cost and design issues
- Final recommendation would benefit from cost information

Recommendation

- Complete the Carollo Study
- Take Public Input on Preliminary Report
- Refine Report as appropriate in coming weeks
- Council should base decision on full report

Next Steps

- Complete Carollo Study
- Revise Full Report
- WRFCAC to meet prior to Council to provide input
- City Council to choose a site
- Begin Master Planning and Reclamation Planning Phase

David Buckingham provided an update on the WRF Project which was presented to City Council at the November 12, 2014 meeting. City Council will make a final preference for the site at the December 9, 2014 meeting and anticipates the choice to be Rancho Colina. He suggested that Morro Bay and Cayucos present their preferences for a site at the December 11, 2014 JPA Meeting.

Mayor Irons asked Cayucos if they had any questions.

Dan Lloyd stated he would like an overview from CDCR on what was presented at last night's City Council meeting.

Associate Director, Fred Cordero, from CDCR spoke regarding the CMC site. He stated they are not in the utility business and are not interested in expanding their role in that area.

Dan Lloyd stressed the importance of obtaining information on the expected cost, how will it be financed, what will be the impact to rate payers, economics (the sale of water) and contractual agreements with agricultural neighbors.

John Rickenbach stated they are gathering information to generate a report that will show what reclaimed water will cost per acre foot in the Chorro and Morro Valley.

Discussion continued between staff, consultants and Cayucos. John Rickenbach stated the 5-Year Goal is on the City's website which provides answers to the concerns that were being discussed.

Rob Livick stated Coastal staff will be meeting with City Planning staff on November 18, 2014.

David Buckingham stated data for both sites will be provided to Coastal staff and City staff will question if both sites appear to be viable from Coastal's perspective.

Dan Chivens asked what the terms are and cost for the Rancho Colino site.

Rob Livick replied the detailed terms and cost have not been discussed, however, Steve MacElvaine, understands the public purchase process and a draft list and a draft MOU will be presented to City Council in the near future.

Michael Foster stated this is his last JPA meeting and Morro Bay and Cayucos need to act as a joint regionalism and work together.

Robert Enns stated he does not understand the cost or design for the two options. It is time for Cayucos and Morro Bay to work together as one, in an effort to move forward. He recommends that the Morro Bay City Attorney, City Manager, at least one member of the council, Cayucos's Attorney, District Manager and one member from their Board get together and discuss what percentage of the new effort are we going to share, how much are we going to pay and how we will work together and move forward.

Noah Smukler agreed for the need to work together and key issues need to be in draft form, a rough outline and a timeline for the Rancho Colina and CMC site which staff can provide and present at the next JPA Meeting, December 13, 2014. Council would like a draft MOU for Rancho Colina to bring to the next City Council meeting on December 9, 2014. He suggests the Cayucos Board take a tour of the CMC site, which will be arranged. Morro Bay needs to stabilize water supply before subsidizing farmers.

Nancy Johnson stated it is important to note Rancho Colina is not in the City of Morro Bay, it is in the County which means there will be County issues, it's on a State Highway, which means there will be State issues and annexation is not a possibility.

John Rickenbach replied in regards to annexation, he spoke with LAFCO staff this week and staff stated they are receptive to annexation. The site does not have to be contiguous with the rest of the City; it could be an island annexation because it is a public facility.

Christine Johnson agreed with Council's previous statements and reiterated concern for the rate payers. Regarding a possible other site in Cayucos, she would like to know the location.

Mike Nunley stated he spoke to Spencer Harris with Cleath and Associates regarding seawater intrusion at both sites. The Chorro site is furthest from the ocean and there is greater opportunity for seawater intrusion at the Morro site.

Rob Livick clarified since currently there is not a project at the CCC we cannot accurately assess what the conditions would be, but it is safe to assume that there will have to be some form of reclamation.

Mayor Irons thanked Michael Foster for his service. At the JPA meeting he would like to discuss what the shared goals are and it is good we will be moving forward together.

Mayor Irons opened Public Comment period.

Bill Martony stated off-site storage facilities are an important issue. There are more options for storage at the Morro site than at the CMC site.

Marla Jo Bruton Sadowski said there are issues with the EIR Report and AB52.

Mayor Irons closed Public Comment period.

John Rickenbach clarified AB52 will be addressed in the CEQA process.

Rob Livick stated the issues that need to be brought to the next meeting are:

- Results of the Carollo Analysis
- Staff level discussion on the formation of the new JPA
- Each communities goals
- An update on discussions with CCC
- Information regarding MOU on the Rancho Colino site
- Institutional process steps for the CMC site
- Coordinate tours of both sites

Rob Livick clarified the Cayucos General Manager will get a copy of the admin draft of the Carollo report prior to the report being presented to the public.

John Rickenbach stated in addition to the release of the Carollo report, Mike Nunley will be able to use the findings to report on cost and design issues at the Rancho Colina site.

Mayor Irons asked that the letter showing another possible site in Cayucos be forwarded to staff.

George Leage stated this is his last meeting and asked that members keep the cost of the project in consideration, as there are a lot of folks on a fixed income in the community.

Nancy Johnson stated this is her last meeting and stated keep the rates down.

Robert Enns thanked George Leage, Nancy Johnson and Michael Foster for their service and introduced John Heading as a new member on the Morro Bay City Council.

Michael Foster apologized for the last failed project and encouraged the board to move forward and thanked staff for doing a good job.

The next JPA meeting is scheduled for December 11, 2014 and will be hosted by Cayucos.

ADJOURNMENT

Mayor Irons adjourned the meeting at 9:04 pm.

Minutes Recorded by:

Kay Merrill

Morro Bay Public Services Department