



CITY OF MORRO BAY CITY COUNCIL Notice of Special Meeting

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Agenda **Tuesday, September 26, 2017** **Morro Bay Veterans Hall – 4:00 P.M.** **209 Surf Street, Morro Bay, CA**

ESTABLISH QUORUM AND CALL TO ORDER

PUBLIC COMMENT FOR ITEMS ON THE AGENDA (limited to a total of 10 minutes)

SPECIAL MEETING AGENDA ITEM:

PRESENTATION OF WATER RECLAMATION FACILITY UPDATE

RECOMMENDATION: Receive staff report and discuss Updated Site Comparison Report. Further discussion and Council direction will occur during Item C-2 of the September 26 Regular City Council Meeting.

ADJOURNMENT

DATED: September 21, 2017



Jamie L. Irons, Mayor

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.



AGENDA NO: C-2 (REVISED 9/22/17)

MEETING DATE: September 26, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: September 21, 2017

FROM: Rob Livick, Public Works Director

SUBJECT: Water Reclamation Facility Program Update

RECOMMENDATION

Staff recommends the following:

- 1) City Council consider the status report of the Water Reclamation Facility (WRF) program, specifically related to the City Council direction in the July 11, 2017, meeting; and
- 2) Provide direction as necessary. Options including directing staff to:
 - a. Proceed with planning and permitting at a preferred site;
 - b. Conduct additional community outreach; and/or
 - c. Provide additional information on one or more sites; and/or
 - d. Provide other direction as deemed appropriate by a majority of the Council.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

No additional fiscal impact is proposed within this update. All work is proceeding within the City's fiscal year budget for the WRF. Further delays to the project risk anticipated subsidized funding (ie U.S. Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) and State Revolving Fund (SRF)) for the construction of the WRF. If final site selection occurs after November 1, 2017, then there will be insufficient time to complete the environmental work required for the WIFIA application submittal deadline of July 19, 2018. The State's SRF funding may be over subscribed and without WIFIA funding, the State Water Resources Control Board staff has stated the City should not anticipate a guarantee of funding.

BACKGROUND/DISCUSSION

At the July 11, 2017, City Council meeting, City Council made several motions regarding the WRF Project as described below:

- 1) Direct staff to immediately begin discussions with the California Coastal Commission (CCC) and the Regional Water Quality Control Board (RWQCB) to determine the feasibility of constructing a WWTP and WRF west of the highway, at or near the existing WWTP site.
- 2) Staff should begin evaluating costs and feasibility of constructing a WRF including recycling at the Giannini site, the Righetti site, and a site west of Highway 1 at or near the existing WWTP site and bring back the information and costs to City Council within 60 days.
- 3) Direct staff to report on the Request for Proposals (RFP) process for a Design-Build project.
- 4) Evaluate all outreach options and prepare for further discussion with the community on the

Prepared By: mn

Dept Review: RL

City Manager Review: MRL

City Attorney Review: JWP

results of the City Council requested items. Return to City Council with a recommended process.

The results from the preceding directives that Council provided will be used to determine whether to continue moving forward with the project at the South Bay Boulevard site, or instead pursue another site based on cost considerations as well as community and regulatory agency input. Information regarding the Design-Build process (Item 3) was addressed at the August 12, 2017, City Council meeting; additionally, staff provided an update on the progress to date on the other items Council's direction from July 11, 2017.

The following summarizes the progress made toward addressing Council direction as of September 26, 2017.

Updated Site Comparison Report

The Program Management team prepared a draft report that is attached for discussion at this meeting. The report includes a comparison of costs and qualitative evaluation criteria at each of the sites as requested by City Council.

As discussed in the report, the estimated costs for a new WRF at each site vary within a range of \$26M (from \$124M to \$150M) with the Hanson site being least expensive and the South Bay Boulevard site being most expensive. However, pursuing a WRF at one of the two sites closest to the bay (Hanson or Dynegy) presents uncertainty. Based on discussions with California Coastal Commission (CCC) staff and the previous denial of a project in the general proximity to those two locations it is not known whether the CCC would ultimately support and permit a facility at either location. The primary challenge at the South Bay Boulevard location is capital cost due to the distance between the site and the existing wastewater collection system. Cost reduction strategies include the pursuit of other low-interest financing (including the State Revolving Fund Water Recycling Program loans), grants, onsite solar power, and various capital and lifecycle cost reduction strategies (to be evaluated during the design-build procurement process). Additionally, the preparer of draft rate study was conservative in their estimate of interest rate, debt coverage ratio, capital reserve for other non-WRF projects. That level of conservatism is appropriate due to the unknowns with the proposed project and its potential funding, but in the end the rate to be paid will only be what is necessary to retire the debt and effectively operate the utility.

After a site is selected by Council for planning and permitting, the Program Management team will revise the draft rate study to incorporate recommendations from the June 7, 2017, "Peer Review" into the capital and operating cost assumptions. As that work is underway, community outreach will be conducted as described herein. The following activities will also be necessary to keep moving the proposed project forward:

- The draft rate study will be circulated and a Proposition 218 protest hearing will be scheduled;
- A draft Request for Qualifications (RFQ) for design-build of the new WRF will be released; and
- The Draft Environmental Impact Report will be released for public review.

The schedule for those activities will depend on the site selected by City Council.

WRF Project Update – Outreach Efforts

The Program Management team refined the intended goals for outreach efforts related to the City Council direction of July 11, 2017. Those goals included:

1. Inform the community and key regulatory agencies of where we are in the process, that among other things the only site Council has, thus far, authorized preparing a detailed Facility Master Plan for is the South Bay Boulevard (SBB) site;
2. In reaching out to key agencies, inform them the City is trying to determine, in an effort to reduce costs, whether sites other than SBB are potentially feasible;
3. Develop cost estimates for different sites to see what the potential cost differences might be compared to SBB; and
4. Gather input regarding the other sites for which we are developing cost estimates, especially related to the question of balancing costs and site location.

Since the City Council direction of July 11, City staff and the program management team have met with representatives of the CCC, Regional Water Quality Control Board (RWQCB), Cayucos Sanitary District (CSD), and Local Agency Formation Commission (LAFCo). The team has also met with representatives of the Dynegy property, in order to gain a better understanding of that site. Finally, team members have met with representatives of the appellants to the previous WWTP upgrade project in order to assess the potential for support or opposition at one of the two sites west of Highway 1.

A summary of recent input from the CCC, RWQCB and CSD is provided below. All recent input is described in more detail in the attached site comparison report.

California Coastal Commission. The CCC provided correspondence to the City Council in a letter dated July 11, 2017, expressing “shock” the City would consider the possibility of locating the new WRF at a site west of Highway 1, which it felt was a fundamental change in strategy for locating a new facility, since the CCC denied a Coastal Development Permit for the WWTP Upgrade project at its current location in January 2013. Until then, CCC staff had been highly supportive of locating the proposed project at the South Bay Boulevard site.

City staff met with CCC staff on August 8, 2017, to discuss the WRF project, particularly with regard to CCC staff’s concerns expressed in their July 2017 letter to the City Council. It was a productive meeting. CCC staff suggested pursuing a project at this location would face important challenges to securing needed permitting from the CCC, stemming from the fact the Commission had previously denied a permit at an adjacent site with similar general characteristics. CCC staff, including District Director Dan Carl, outlined a suggested approach the City would need to pursue in order to gain staff support for such an undertaking, but noted that would be no guarantee the CCC itself would approve the permit. CCC staff recommended the City continue pursuing the project at the South Bay Boulevard location.

CCC staff’s input is described in greater detail in the site comparison report. After the report was drafted, it was sent to CCC staff for review to ensure their input was accurately characterized.

City staff recognizes input from CCC staff will not necessarily reflect on the ultimate position of the CCC itself. That fact will be a consideration in the City Council’s decision regarding the site at which to continue moving the project forward.

Regional Water Quality Control Board. RWQCB staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality, 2) to encourage a strong water reclamation component and 3) to achieve those goals as quickly as possible. RWQCB staff had been supportive of the City’s efforts at the existing WWTP in 2013.

The RWQCB provided correspondence to the City Council dated July 11, 2017, and provided supporting testimony at the meeting that evening. RWQCB staff indicated the Regional Board was beginning to lose patience with the City's delays in choosing a site and moving forward. At the same time, RWQCB staff expressed they would be highly supportive of a project that included a substantial reclamation component that provides augmentation to the City's water supply and reduces the City's reliance on imported water, either at the outset of the project, or with a firm timetable related to its implementation. If the project did not have such a component, or if its implementation was time uncertain, then the RWQCB would be less supportive, and likely push harder on implementing a strict timetable. Failure to meet such a timetable could involve substantial financial penalties. The RWQCB has considerable latitude regarding the magnitude of such penalties. Staff indicated it would not be in the City's financial interest to pay those penalties as a way of avoiding moving forward with the WRF project.

City staff had previously met with RWQCB staff on July 5 and July 10 to discuss their key issues of concern. Those concerns are reflected in their July 11 letter to the City; most notably, the RWQCB will be most supportive if the project implements water recycling from the outset. City staff will continue to coordinate with RWQCB staff as we learn more from CCC staff, in order to make sure both agencies are informed of each other's concerns in moving the project forward.

Cayucos Sanitary District. City staff met with the CSD staff on August 3, 2017, in order to coordinate on issues of common interest as the two agencies move forward on their separate projects. A key issue is the two agencies jointly own the Hanson/RV site that is being considered in the attached report. CSD staff indicates the City will need to work closely with CSD before the City can effectively move forward with its project at that location. CSD staff did not indicate what CSD's specific concerns might be.

Next Outreach Steps. The site comparison report reflects the outcome of over 4 years of public outreach efforts, including many workshops, informational flyers sent to the entire community, regulatory agency input, targeted neighborhood outreach, property owner input, input from agricultural community, stakeholder interviews, previous siting reports, a Draft Facilities Master Plan, a Draft Master Water Reclamation Plan, and ongoing updates through the City's website. Although there are diverse views and perspectives reflected in those efforts, and considerable disagreement, the South Bay Boulevard site was recommended in 2016 for planning and permitting because, on the whole, it reflects the best balance of meeting the City's goals related to the project's design, cost and location to minimize neighborhood impacts, while satisfying the regulatory goals of the CCC and RWQCB among others.

The next outreach steps could include the following:

1. Potential refinement of the project goals is the first step. That would likely involve public workshops before the WRFCAC and City Council, with the Council ultimately adopting refined goals to help guide the project parameters.
2. Continued regulatory agency coordination, particularly with CCC, RWQCB, and CSD. Specifically, that would involve regular meetings with staff at these agencies as appropriate to provide feedback opportunities as the WRF project undergoes CEQA review in order to better inform that process. Such meetings would occur monthly, or as needed;
3. Community outreach to inform citizens of where we are in the process, and progress made toward the proposed project, including the pursuit of funding opportunities and how these efforts could potentially minimize possible rate increases related to the project. That could

- include periodic public workshops, website updates, and informational flyers. This step is best undertaken once the City Council updates the project goals and selects a project site;
4. Property owner outreach and coordination, particularly with the owner of the selected site, in order to keep the project on track;
 5. Continual focused outreach to neighbors of the selected site in order to ensure their concerns are being considered in the project design;
 6. Formal public outreach through the CEQA process as the Draft EIR is prepared and circulated;
 7. Commencement of the permitting process as the CEQA process is underway, especially reaching out to San Luis Obispo County staff (if the site is in unincorporated area), or working internally to coordinate with the City's ongoing LCP update process (if the site is in the City) to ensure that it is accounted for in that process; and
 8. Regular updates for WRFAC and the City Council to report on the progress of the project.

CONCLUSION

Staff understands the significance of the proposed project on the City in the immediate as well as long-term. Much time and effort has been expended by all stakeholders to date on this important project. Staff also knows the Council will take all issues into consideration before making its decision on how to proceed. The time is at hand for clear, final direction to be provided as to how to proceed.

ATTACHMENTS

1. Updated Site Comparison Report
2. Community correspondence received from July 11, 2017 to September 21, 2017 regarding size and location of WRF project.

UPDATED SITE COMPARISON REPORT



September 21, 2017

City of Morro Bay
Water Reclamation Facility Project
Updated Site Comparison Report
September 2017

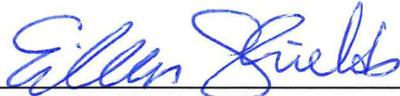
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WATER - WASTEWATER - REUSE



JFR

PLANNING AND
ENVIRONMENTAL CONSULTING

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SECTION 1 INTRODUCTION

1.1 City Council Direction

At its July 11, 2017 meeting, the City Council provided the following direction in an effort to explore ways to reduce potential project costs for a new Water Reclamation Facility (WRF):

- 1) Direct staff to immediately begin discussions with the California Coastal Commission (CCC) and the Regional Water Quality Control Board (RWQCB) to determine the feasibility of constructing a WWTP and WRF west of the highway, at or near the existing WWTP site.
- 2) Staff should begin evaluating costs and feasibility of constructing a WRF including recycling at the Giannini site, the Righetti site, and a site west of Highway 1 at or near the existing WWTP site and bring back the information and costs to City Council within 60 days.
- 3) Direct staff to report on the Request for Proposals (RFP) process for a Design-Build project and discuss the quickest way to get to the RFP process.
- 4) Evaluate all outreach options and prepare for further discussion with the community on the results of the City Council requested items. Return to City Council with a recommended process.

These efforts are intended to help the Council determine whether to continue moving forward with the project at the South Bay Boulevard site, or instead pursue another site based on cost considerations as well as community and regulatory agency input.

As a reminder, the City's adopted goals for this project are as follows:

- *Produce tertiary, disinfected wastewater in accordance with Title 22 requirements for unrestricted urban irrigation*
- *Design to be able to produce reclaimed wastewater for potential users, which could include public and private landscape areas, agriculture, or groundwater recharge. A master reclamation plan should include a construction schedule and a plan for bringing on customers in a cost effective manner.*
- *Allow for onsite composting*
- *Design for energy recovery*
- *Design to treat contaminants of emerging concern in the future*
- *Design to allow for other possible municipal functions*
- *Ensure compatibility with neighboring land uses*

It is recognized that achieving certain goals would result in a potentially higher cost, as recognized in the Peer Review Report of June 2017. For that reason, the City Council has recently been focused on only those goals that are critical to the operation of the WRF itself.

1.2 Report Contents

This report primarily addresses Item 2 from the July 11 Council direction, comparing the various sites in question both from a cost and technical perspective. Cost estimates are based on input gained through the recent June 2017 Peer Review Report, using cost assumptions that have been vetted by local public works officials. From a technical perspective, it draws on past reports related to this project or nearby sites as applicable, including the following:

- Final EIR for the WWTP Upgrade Project (December 2010)
- Rough Screening Report (November 2011)
- Fine Screening Report (November 2011)

- Options Report (December 2013)
- Report on Reclamation and Council Recommended WRF Sites (May 2014)
- Report to City Council on Potential WRF Sites (May 2016)
- Peer Review Report on Cost Assumptions (June 2017)

Finally, this report considers recent input from senior staff at key regulatory agencies, including the California Coastal Commission (CCC) and Regional Water Quality Control Board (RWQCB).

This report concludes with a summary of the cost and non-cost considerations and a brief discussion of the next steps in the process related to site selection, environmental review, and project procurement, and how those steps interrelate.

SECTION 2 SITES UNDER CONSIDERATION

This report compares four possible sites to the South Bay Boulevard site, which had been identified by the City Council for detailed investigation in June 2016, and for which a draft Facilities Master Plan was prepared in December 2016.

In July 2017, the City Council directed staff to evaluate the costs and feasibility of constructing a WRF, including full reclamation, at the Giannini site, the Righetti site, and a site west of Highway 1 at or near the existing WWTP site. These were to be compared to the South Bay Boulevard site, which had been previously selected by the City Council in June 2016 as the basis for a Facility Master Plan. Staff considered several possibilities for sites west of Highway 1, but most included sufficient constraints such that they did not warrant further consideration. This included the existing WWTP site itself, which was considered infeasible because of the need to continue operating the plant while a new plant was being designed and constructed. Staff also eliminated the Lila Keiser Park site, partly because this already includes a developed public facility (a park), and partly because of a series of substantial environmental constraints, including significant flood hazard and a high degree of sensitivity with regard to cultural resources. Ultimately, staff identified two potentially suitable sites west of Highway 1, which are identified in this report as the Hanson/RV Storage site, and the Dynegy Tank Farm site.

Note that some of these sites were already addressed at length in previous reports considered by the City Council. Much of the background and technical information for these sites is drawn from those reports, which are identified in Section 1 of this report. However, the cost information for all five sites is new to this report. Cost assumptions and methodologies for each site are based on input from the June 2017 Peer Review report, and reflect a full recycled water project at each site, something that was not done in previous reports where costs were presented.

The sites examined in this report are summarized in Table 1 and shown in Figure 1. Figures 2 through 6 show the individual sites.

Table 1. Sites Examined in this Report				
Site	Site Name in this Report	General Location	Parcel Information	Discussion of the Study Site
1	South Bay Boulevard	Chorro Valley near Highway 1/South Bay Boulevard interchange	APN 073-101-017 <u>Ownership:</u> Tri-W Enterprises <u>Jurisdiction:</u> SLO County	The area of focus is a roughly 15-acre area within the County, toward the eastern end of the property. A draft Facility Master Plan was prepared, which included a preliminary cost estimate. There is currently no development at this location. The study site is about 100 to 120 feet above sea level.
2	Hanson/RV Storage	City of Morro Bay, adjacent to existing WWTP	APN 066-331-032, -033 -034, and -038 <u>Ownership:</u> City of Morro Bay/Cayucos SD <u>Jurisdiction:</u> City of Morro Bay	The area of focus is a roughly 12-acre area adjacent to the existing WWTP. There is an existing RV storage facility and concrete manufacturing at this location. The area also covers a portion of the existing WWTP.
3	Dynegy Tank Farm	City of Morro Bay, adjacent to and northwest of power plant; site of a former tank farm	APN 066-331-040 <u>Ownership:</u> Dynegy Morro Bay LLC <u>Jurisdiction:</u> City of Morro Bay	The area of focus is a roughly 9-acre area south of Morro Creek and the existing WWTP site. It is part of the larger Dynegy property, and the site of a former tank farm. This portion of the Dynegy site is currently vacant.
4	Righetti	Morro Valley, adjacent to Highway 41	APN 073-084-013 <u>Ownership:</u> Paul Madonna, et al <u>Jurisdiction:</u> SLO County	The focus area is limited to a roughly 10-15 acre area in the lowest portion of the property, at the location of an existing ranch house. The focus area is about 80 to 100 feet above sea level.
5	Giannini	South edge of the Morro Valley, adjacent to Little Morro Creek Road	APN 068-401-014 <u>Ownership:</u> J. and E. Giannini Properties LLC <u>Jurisdiction:</u> City of Morro Bay	This site sits in an upland area overlooking the Morro Valley south of Little Morro Creek. The most suitable location would be roughly 10 acres at the toe of the slope, adjacent to Little Morro Creek Road.



Sources Cited:

1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

Figure 1:
 WRF Sites Under
 Consideration





Legend

-  City Limits
-  Major County Streams
-  Highway
-  100 Year Flood Zone
-  500 Year Flood Zone
-  Potential WRF Site (5 Acres)

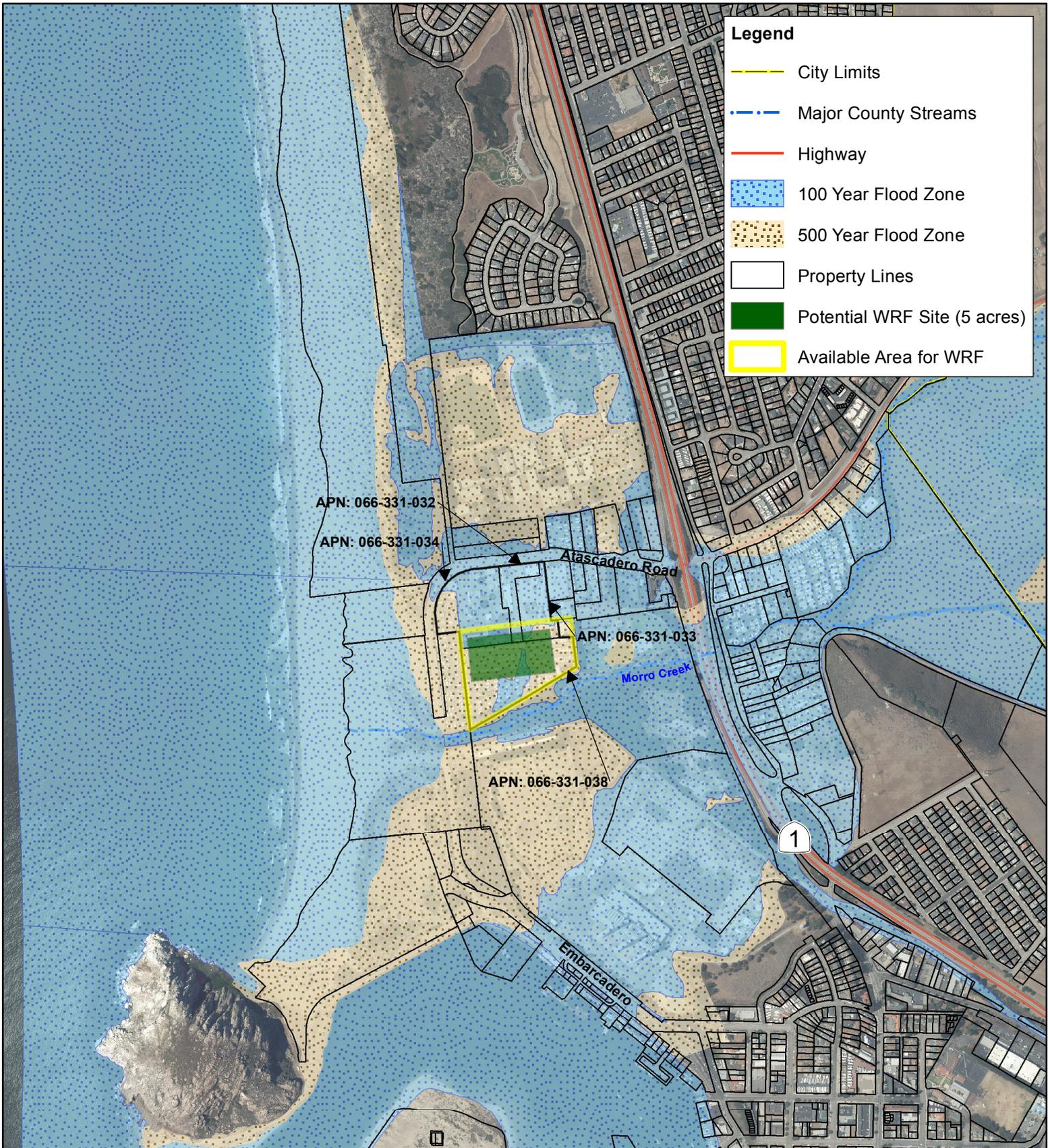
Sources Cited:
 1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
 2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.



Figure 2:
 South Bay Boulevard
 Site Overview

1 inch = 1,000 feet





Sources Cited:

1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

Figure 3:
 Hanson/RV Storage
 Site Overview

1 inch = 1,000 feet





Legend

-  City Limits
-  Major County Streams
-  Highway
-  100 Year Flood Zone
-  500 Year Flood Zone
-  Property Lines
-  Potential WRF Site (5 acres)
-  Available Area for WRF

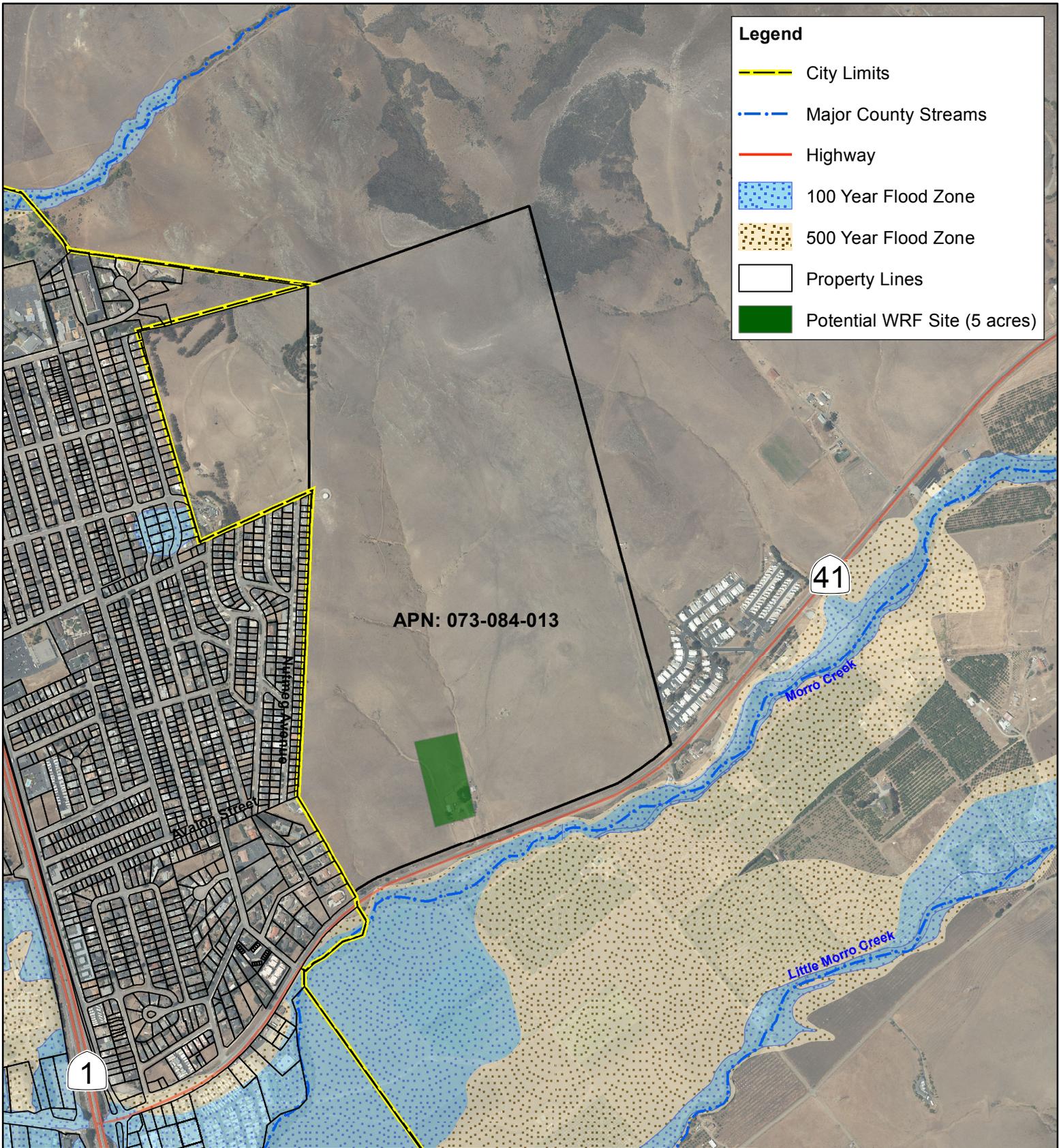
Sources Cited:

1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

Figure 4:
Dynegy Site Overview

1 inch = 978 feet





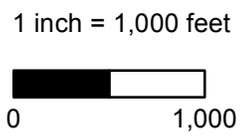
- Legend**
- City Limits
 - Major County Streams
 - Highway
 - 100 Year Flood Zone
 - 500 Year Flood Zone
 - Property Lines
 - Potential WRF Site (5 acres)

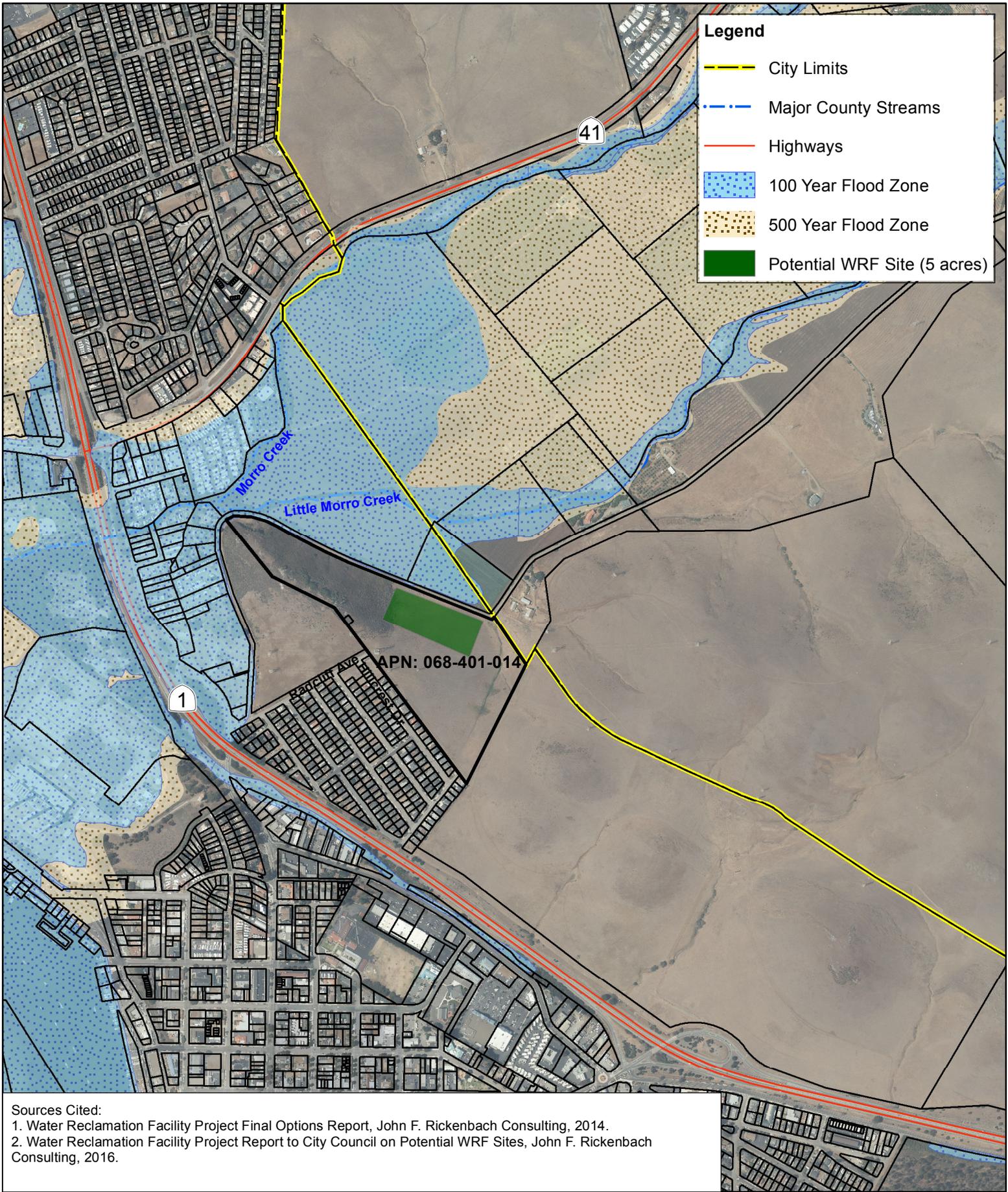
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Sources Cited:
 1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
 2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.



Figure 5:
Righetti Site Overview





Legend

-  City Limits
-  Major County Streams
-  Highways
-  100 Year Flood Zone
-  500 Year Flood Zone
-  Potential WRF Site (5 acres)

Sources Cited:
 1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
 2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.



Figure 6:
Gianniini Site Overview

1 inch = 1,000 feet

 0 1,000



SECTION 3 SITE ANALYSIS

This section compares the four sites in question to the South Bay Boulevard site from a cost standpoint and also considers any factors not related to cost but that could affect the timing, permitting, or other logistics involved in implementing the project, including the need to address environmental hazards or sensitive resources. A key consideration in this analysis is the extent to which a project at these locations would be consistent with the direction of the Coastal Commission and Regional Water Quality Control Board, both of which have permitting authority over aspects of the project.

3.1 Cost Comparison

A. Capital Costs

Detailed cost opinions were developed as part of the Draft Facility Master Plan (FMP) and Draft Master Water Reclamation Plan (MWRP) based on the community project goals. In June 2017, these costs were reviewed and refined slightly through the Peer Review Workshop (Report of Public Works Cost Review Workshop, MKN, June 29, 2017). WRF construction costs presented include general conditions, contractor's bonds, general liability insurance, builder's risk insurance, subcontractor markup, subcontractor's bonds, building permits, sales tax, and contractor's overhead and profit. These costs were presented separately from the estimated construction costs in the Draft FMP. The capital cost opinions for WRF and conveyance (lift station, brine discharge pipeline, and raw wastewater pipeline) are included in Table 2. Recycled water project costs are summarized in Table 3, and total program cost opinions are summarized in Table 4.

	Site 1: South Bay Boulevard	Site 2: Hanson/RV	Site 3: Dynegy Tank Farm	Site 4: Righetti	Site 5: Giannini
Sitework	\$ 2,380,000	\$ 2,980,000	\$ 2,980,000	\$ 1,590,000	\$ 1,540,000
Treatment Facilities	\$ 51,460,000	\$ 51,460,000	\$ 51,460,000	\$ 51,460,000	\$ 51,460,000
Odor Control	\$ 2,750,000	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000
Fire Protection Facility	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000
Operations/Admin Facilities	\$ 6,330,000	\$ 6,330,000	\$ 6,330,000	\$ 6,330,000	\$ 6,330,000
Access Road and Utilities	\$ 2,250,000	\$ 860,000	\$ 1,040,000	\$ 1,850,000	\$ 2,310,000
Conveyance (Pump Sta. & Offsite Pipelines)	\$ 13,460,000	\$ 1,000,000	\$ 3,030,000	\$ 5,970,000	\$ 8,480,000
WRF Construction Cost Subtotal	\$ 79,130,000	\$ 67,380,000	\$ 69,590,000	\$ 72,450,000	\$ 75,370,000
Soft Costs (1)	\$ 24,412,200	\$ 23,514,000	\$ 24,177,000	\$ 22,375,800	\$ 23,235,400
WRF Capital Cost Subtotal	\$103,500,000	\$ 90,900,000	\$ 93,800,000	\$ 94,800,000	\$ 98,600,000
Construction Contingency (2)	\$ 19,782,500	\$ 13,476,000	\$ 17,397,500	\$ 18,112,500	\$ 18,842,500
WRF Capital Cost Opinion Total (Rounded)	\$123,300,000	\$104,400,000	\$111,200,000	\$112,900,000	\$117,400,000
Notes: See text below for details regarding soft costs (1) and construction contingency (2). Property costs are not included, but would not factor into the selection of one site over another at the range of costs identified. See Appendix B for additional cost assumptions and details.					

Explanation of Differences in Cost Opinions for WRF (Tertiary Treatment System) and Conveyance:

The main differences in the cost opinions for the WRF and conveyance facilities at various sites can be summarized as follows:

- Overall distance from the terminus of the City's existing sewer collection system (the existing WWTP) impacts the length of conveyance piping and size of the influent lift station;
- Relative amount of 'flat' area available on the site impacts the amount of grading and sitework required,
- Proximity to neighbors affects the amount of odor control that would be required; and
- Proximity to established and sufficient roadway impacts the length of access road and utilities required to get to the WRF site.

Notes 1 and 2: The following section describes the assumptions made for the soft costs and the construction contingency.

(1) Soft costs for the WRF project are made up of the following categories. Detailed program costs and descriptions for the soft costs are provided in Appendix B.

- WRF Engineering/Design: 8% of construction costs
- Conveyance Engineering/Design: 10% or 8%, depending on the site
 - The conveyance facilities contract is anticipated to be delivered through a conventional design, bid, build approach (DBB), unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one design-build (DB) contract. The engineering and design is estimated at 8% of construction costs for Sites 2 and 3 and 10% for the others.
- Procurement and Preliminary Engineering: 4%
- WRF Project Administration and Construction Management: 10%
- Conveyance Project Administration and Construction Management: 12% or 10%, depending on the site
 - The conveyance facilities contract is anticipated to be delivered through a conventional DBB approach unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one DB contract, with administration and construction management estimated at 10%.
- Permitting and Monitoring: 1% or 2%, depending on the site
 - Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3, and the costs were estimated at 2% of construction costs at these sites, and 1% of construction costs at the other sites.
- Existing WWTP Demolition: \$3,300,000
- Escalation: 3% per year for 1 year or 2 years, depending on the site
 - Escalation was included at 3% for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites.

(2) The construction contingency is recommended at 20% of the construction cost subtotal for Site 2 due to the amount of available information for the area, and 25% for the other sites.

Table 3. Summary of Estimated Recycled Water Capital Costs					
	Site 1: South Bay Boulevard	Site 2: Hanson/RV	Site 3: Dynegy Tank Farm	Site 4: Righetti	Site 5: Giannini
Advanced Treatment	\$8,240,000	\$8,240,000	\$8,240,000	\$8,240,000	\$8,240,000
Recycled Water Pump Station, Tank, & Pipeline	\$7,720,000	\$3,040,000	\$2,800,000	\$3,530,000	\$3,830,000
Injection wells & appurtenances	\$1,120,000	\$1,120,000	\$1,120,000	\$1,120,000	\$1,120,000
Monitoring wells	\$680,000	\$680,000	\$680,000	\$680,000	\$680,000
Recycled Water Construction Cost Subtotal	\$17,760,000	\$13,080,000	\$12,840,000	\$13,570,000	\$13,870,000
Soft Costs (1)	\$4,972,800	\$4,054,800	\$3,980,400	\$3,799,600	\$3,883,600
Recycled Water Capital Cost Subtotal	\$22,700,000	\$17,100,000	\$16,800,000	\$17,400,000	\$17,800,000
Construction Contingency (2)	\$4,440,000	\$3,270,000	\$3,210,000	\$3,392,500	\$3,467,500
Recycled Water Capital Subtotal (Rounded)	\$27,200,000	\$20,400,000	\$20,100,000	\$20,800,000	\$21,300,000
Notes: See text below for details regarding soft costs (1) and construction contingency (2). Property costs are not included, but would not factor into the selection of one site over another at the range of costs identified. See Appendix B for additional cost assumptions and details.					

Explanation of Differences in Cost Opinions for Recycled Water System:

The main differences in the cost opinions for the recycled water project components are the recycled water pipeline length due to the overall distance from the WRF site to the potential injection well locations in the lower Morro Valley.

Notes 1 and 2: The following section describes the assumptions made for the soft costs and the construction contingency.

(1) Soft costs for the recycled water portions of the project are made up of the following categories:

- Escalation (3% @ 1 yr/2 yrs)
 - The recycled water component of the project may not be constructed concurrent to the new WRF. Escalation was included at 3% for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites.
- Engineering, Administration, Legal, and Permitting (25%)

(2) A 25% construction contingency is recommended for the recycled water portions of the project for all of the site options.

	Site 1: South Bay Boulevard	Site 2: Hanson/RV	Site 3: Dynegy Tank Farm	Site 4: Righetti	Site 5: Giannini
WRF (Tertiary Treatment and Conveyance) Capital Cost Opinion Subtotal	\$103,500,000	\$90,900,000	\$93,800,000	\$94,800,000	\$98,600,000
Recycled Water Capital Cost Opinion Subtotal	\$22,700,000	\$17,100,000	\$16,800,000	\$17,400,000	\$17,800,000
Program Capital Cost Subtotal	\$126,200,000	\$108,000,000	\$110,600,000	\$112,200,000	\$116,400,000
Construction Contingency	\$24,222,500	\$16,746,000	\$20,607,500	\$21,505,000	\$22,310,000
Total Program Capital Cost Opinion (Rounded)	\$150,400,000	\$124,700,000	\$131,200,000	\$133,700,000	\$138,700,000
Notes: See previous text and tables for capital cost opinions and assumptions regarding soft costs and construction contingency. Property costs are not included, but would not significantly affect the selection of one site over another at the range of costs identified. See Appendix B for additional cost assumptions and details.					

In the Peer Review Report published June 29, 2017 (MKN), an estimated cost saving of \$8.6M was projected (Table 5 from the report) due to recommendations that resulted from the peer review workshop. As shown here, the total cost reduction is approximately \$17M from the MWRP recommended project (\$167M). This is a result of more refined cost opinions for the odor control, earthwork, auxiliary facilities, and soft costs that were developed based on the recommendations from the peer review panel.

B. Operating and Maintenance Costs

The main difference in annual operating and maintenance (O&M) costs between the sites the difference in power requirements for pumping. Estimated annual O&M costs for each potential WRF site are summarized in Table 5. The Draft Rate Study includes an estimated O&M cost of \$3,700,000 for the SBB site. For the purposes of this study, this was used as a baseline cost, and adjusted for anticipated differences in pumping costs between the sites. The total annual pumping power cost is estimated to range between \$24,000 and \$64,000 per year (at the Hanson/RV storage site and SBB site, respectively). This considers both raw wastewater pumping and recycled water pumping.

	Site 1: South Bay Boulevard	Site 2: Hanson/RV	Site 3: Dynegy Tank Farm	Site 4: Righetti	Site 5: Giannini
Influent Pumping	\$42,000	\$7,000	\$11,000	\$36,000	\$39,000
Tertiary Disinfected WRF O&M (1)	\$2,238,000	\$2,238,000	\$2,238,000	\$2,238,000	\$2,238,000
WRF Staffing	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000
Subtotal WRF + Conveyance O&M	\$3,000,000	\$2,965,000	\$2,969,000	\$2,994,000	\$2,997,000
Advanced Treatment O&M (2)	\$558,000	\$558,000	\$558,000	\$558,000	\$558,000
Recycled Water Staffing	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Recycled Water Pumping	\$22,000	\$17,000	\$17,000	\$14,000	\$14,000
Subtotal Recycled Water O&M	\$700,000	\$695,000	\$695,000	\$692,000	\$692,000
Total Estimated Annual O&M Costs (Rounded)	\$3,700,000	\$3,660,000	\$3,664,000	\$3,686,000	\$3,689,000

Notes:

(1) Tertiary disinfected WRF O&M includes power, chemical, replacement, biosolids disposal, and monitoring & reporting for the WRF, excluding influent pumping, advanced treatment and recycled water system O&M.

(2) Advanced treatment O&M includes power, chemical, replacement, and monitoring & reporting.

(3) Two potential areas are under consideration for recycled water injection wells (as described in the Draft MWRP). For each WRF site, recycled water pumping cost estimates assume the alignment with the highest power requirements.

(4) Potential cost savings of \$30,000 per year for the Nutmeg Tank lease at the Righetti site are not included.

3.2 Site Comparison

A. Site 1: South Bay Boulevard

Overview

This site was selected by the City Council in June 2016 as the focus for the project, and a draft Facility Master Plan was prepared in November 2016 that could be used as a basis for design and budgeting for a project at that location. This location was previously considered in some of the WRF-related siting reports, including the following:

- Options Report (December 2013)
- Report on Reclamation and Council Recommended WRF Sites (May 2014)
- Report to City Council on Potential WRF Sites (May 2016)

Notably, the site was not addressed in either the Rough or Fine Screening Reports prepared in 2011, although the adjacent parcel under common ownership within the City closer to Highway 1 was considered in those reports. An overview of the site and potential WRF location is provided in Figure 2.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. CCC staff has been generally supportive of this site. City staff kept CCC staff apprised of progress on the project as the draft FMP was developed during 2016. CCC staff has not raised significant concerns with this location in discussions. With respect to permitting, they have been supportive of the concept of working with San Luis Obispo County on a Coastal Development Permit (CDP) based on the County's LCP, since the site is currently in an unincorporated area. CCC staff confirmed this perspective at a conference call meeting on September 19, 2017.

CCC provided correspondence to the City Council dated July 11, 2017. Although it did not address the South Bay Boulevard location in that letter, CCC staff strongly encouraged the City to continue on the path it has been following to relocate the project away from the existing Wastewater Treatment Plant (WWTP). A new facility at the South Bay Boulevard site would be consistent with recent CCC direction.

City staff met with CCC staff on August 8, 2017 to discuss the WRF project, particularly with regard to CCC staff's concerns expressed in their July 2017 letter to the City Council. The South Bay Boulevard site location was not the focus of that meeting, but CCC staff reiterated the concerns with shifting the focus to a site near the existing WWTP.

San Luis Obispo County. County staff has been supportive and collaborative relative to moving forward at the South Bay Boulevard location. They concur with CCC staff that it would be appropriate for the City to obtain a Coastal Development Permit for a project at this location. County staff does not anticipate substantial concerns with this process.

Regional Water Quality Control Board. Regional Board (RWQCB) staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB Staff has been supportive of the City's efforts at this site, and has coordinated closely with City staff throughout the process.

The RWQCB provided correspondence to the City Council dated July 11, 2017. Although it did not address the South Bay Boulevard location in that letter, RWQCB staff strongly encouraged the City to move forward as quickly as possible, and expressed concern that shifting focus to a new site could result in further delays that would hinder the attainment of their key objectives related to water quality and reclamation. RWQCB staff also provided testimony at the July 11 City Council meeting consistent with their letter of the same date.

Key Opportunities

Potential development on the South Bay Boulevard site presents several key opportunities, many of which are described in detail in the May 2016 *Report on Potential WRF Sites*. Others are drawn from more recent regulatory agency input, public outreach, or from the draft Facilities Master Plan and related technical studies. In summary, these include the following:

- **Facility Master Plan Has Been Prepared.** One important consideration for this site is that a draft Facility Master Plan (FMP) has already been prepared, which takes into account the various physical opportunities and constraints associated with this location. The draft FMP is also based on detailed recent technical studies related to biological resources, cultural resources, and geotechnical issues. From a technical perspective, the FMP has been vetted by the WRFCAC and City Council. With some minor refinement, it can be used as the basis for the Environmental Impact Report (EIR) to further examine potential impacts associated with its implementation. This represents a likely time and cost savings relative to other sites, if only the planning effort is considered.

- **Far From Existing Residential Uses.** The City has already conducted extensive outreach related to this site. Development at this location would neither be near nor visible to any offsite residents, and there are no homes on the site itself. The nearest residents live within Casa de Flores, a senior residential complex roughly 1,200 to 1,600 feet to the south, which is visually blocked by intervening topography. Outreach related to this site conducted in 2016 suggests that compared to other locations closer to residential neighborhoods, there would likely be less controversy or opposition as the project moves forward through the design and CEQA process. It could also reduce cost for architectural features and screening since it will be less visible.
- **A Large Site Providing Design Flexibility.** As identified in the draft FMP, the most developable area is a gently sloping 15-acre site, sufficiently large to allow some degree of design flexibility, particularly if no corporation yard is to be considered.
- **Relatively Free of Coastal Commission Resource Concerns.** The location shown in the draft FMP on the site is relatively free of issues that would be of potential concern to the Coastal Commission. It is not visually prominent from Highway 1, nor does it include prime soils. It may also be possible to avoid onsite drainage features and any potential Environmentally Sensitive Habitat Area (ESHA) associated with them.
- **Site Acquisition is Straightforward.** In 2016, the City entered into a Memorandum of Understanding (MOU) to purchase the necessary portion of the site. The MOU does not commit any City financial resources unless it purchases the needed portion of the site.
- **Potential for Land Conservation.** Only a portion of the roughly 28 acres addressed in the MOU would be needed for the WRF. The City could explore the potential to work with land trusts to preserve some or all of the remainder of the site that would be purchased in open space, agriculture or some other similar passive use in perpetuity.
- **Longer Pipeline Route but Fewer Complexities.** The pipelines are longer than those to the other sites under consideration, but can be generally constructed within City rights-of-way with the exception of the Highway 1 freeway crossing. This requires significantly less coordination with Caltrans than constructing a pipeline along the Highway 41 corridor, particularly with respect to the Righetti site. It also will avoid the cultural resource sites identified along Highway 41 associated with that site. In addition, pipeline construction could be phased with planned repaving of streets or other capital improvements to reduce cost.

Key Constraints

The key constraints facing development at this location include:

- **Relatively Higher Cost.** Development of a WRF at this site would be relatively more expensive than any other site now under consideration. Refined cost estimates described earlier in this report suggest that project costs would be 8 to 21% higher than at any of the other locations considered in this report, depending on the location.
- **Farther from Most Reclamation Opportunities.** The site would be farther from the most promising reclamation opportunities identified in the draft Master Water Reclamation Plan (MWRP), including groundwater recharge into the Morro Valley aquifer to provide indirect potable reuse. While reclamation can be achieved at this location, the greater distance contributes to the higher cost estimate.

- **Farther from the City's Existing Wastewater Collection System.** The site is located about 2.4 miles from the existing treatment plant (the hub of the City's wastewater treatment infrastructure network) and the ocean outfall. This distance is farther from the City's existing wastewater infrastructure than any other site under consideration, which will increase relative potential construction and energy costs for the conveyance of raw wastewater.

B. Site 2: Hanson/RV Storage

Overview

This 11.6-acre site is located adjacent to and just south of the existing Wastewater Treatment Plant site (Figure 3). It covers portions of multiple parcels (APN 066-331-032, -033 -034, and -038), just south of Atascadero Road in the City of Morro Bay, and is jointly owned by the City of Morro Bay and Cayucos Sanitary District. Portions of the site are currently being used as an RV storage facility, with the rest for concrete manufacturing. The site has not been previously studied in the various WRF siting reports, but since it is adjacent to the existing WWTP, there is information in the Rough Screening and Fine Screening Analysis that is likely applicable to the site. The Final EIR for the Morro Bay-Cayucos Wastewater Treatment Plan Upgrade Project (December 2010) also has some relevant information that could apply to the site.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. Until the Peer Review Report was published in June 2017, and the City Council contemplated considering this site, CCC staff had not been aware that a return to a location near the existing WWTP was a possibility. CCC provided correspondence to the City Council dated July 11, 2017, expressing "shock" that the City would consider such a fundamental change in strategy for locating a new facility, which it had been following since the CCC denied a Coastal Development Permit for the WWTP Upgrade project at its current location in January 2013. Until it became aware of this possibility, CCC staff had been highly supportive of locating the project at the South Bay Boulevard site.

City staff met with CCC staff on August 8, 2017 to discuss the WRF project, particularly with regard to CCC staff's concerns expressed in their July 2017 letter to the City Council. It was a productive meeting. CCC staff suggested that pursuing a project at this location would face important challenges to securing needed permitting from the CCC, stemming from the fact that the Commission had previously denied a permit at an adjacent site with similar general characteristics. CCC staff, including District Director Dan Carl, outlined a suggested approach the City would need to pursue in order to gain staff support for such an undertaking, but noted that this would be no guarantee that the Coastal Commission itself would approve the permit.

The following were the key takeaways from CCC staff relative to moving forward at this location:

- Staff is open to discussing possible permitting at a site near existing WWTP, but there are no guarantees of approval;
- Permit approval will be challenging because of previous denial of the upgrade project in 2013;
- The Coastal Commission will need to be convinced that the new project has successfully addressed issues related to previous denial: Therefore, the City will need to show how the new site and project are different than before;
- CCC staff will work iteratively with City staff to address these issues as appropriate, through the permitting and CEQA process;
- The CCC's technical team will need to verify issues related to flooding and sea level rise to ensure impacts are accurately assessed and properly mitigated;
- The permit process will take longer at a site west of Highway 1 because of high level of public scrutiny and previous history in this general location (no specific timeframe was given on August 8,

but in a subsequent conference call meeting on September 19, CCC staff suggested the permitting timeframe could possibly take 18 to 24 months);

- It would need to be demonstrated that coastal access is not impeded by a project at this location;
- Timeframe for permitting at sites outside city (South Bay, Righetti) would be less, primarily because those sites could follow County LCP requirements—though all such sites are subject to Coastal appeal; and
- Will need to coordinate with the City’s LCP update process as appropriate.

Director Carl was not particularly optimistic about the City’s chances of success at this location, but said those chances would improve if the City can make a strong case that the new project can successfully address the issues that were at the heart of the January 2013 denial of the WWTP Upgrade Project. These issues include, but are not necessarily limited to the following:

- Project is not an allowed use under the existing LCP
- Project would be subject to multiple hazards:
 - Within 100-Year Flood Zone
 - Within Tsunami Inundation Area
 - Subject to Liquefaction
 - Subject to Shoreline Erosion
- Project site is visually sensitive
- Project could frustrate public recreational access and visitor-serving objectives
- Project could impact archaeological resources
- Project insufficiently sized to accommodate future growth in the City and CSD
- Project did not include substantial water reclamation component
- Unclear how the project could affect water quality from the outfall

As the City moves forward to investigate these issues, the intent is to work closely with CCC staff to show how the new project and design could be found to be consistent with Coastal policies. CCC staff noted that ideally, the City’s current LCP update would account for a project at this location. Otherwise, a separate LCP amendment would need to be processed for this action. It is unclear to CCC staff what the disposition of the Coastal Commission would be if the City were to approve an LCP update, and then amend shortly thereafter it to include a new WRF at this location.

City and program management staff’s initial assessment is that the issues outlined by CCC staff could be successfully addressed through an appropriate project design. The following table summarizes how a project might generally address these concerns, and where additional investigation would be required:

Table 6. How a New WRF Project Could Address Coastal Commission Issues of Concern	
Coastal Commission Concerns (1)	How a New Water Reclamation Facility near the WWTP site could address these issues
Project is not an allowed use under the existing LCP	An LCP amendment would likely be necessary at any site chosen for a new WRF, not just those near the existing WWTP
Project would be subject to multiple hazards:	
- Within 100-Year Flood Zone	Locate outside of 100-year flood zone to the extent feasible, and mitigate by raising site elevation out of 100-year flood zone where required
- Within Tsunami Inundation Area	Raise site elevation to minimize exposure
- Subject to Liquefaction	Address during design through geotechnical and structural engineering
- Subject to Shoreline Erosion	Address during design through geotechnical and structural engineering. Proposed locations would be farther back from coast.
Project site is visually sensitive	Utilize small footprint technologies (such as MBR or SBR) and house processes with architectural treatment
Project could frustrate public recreational access and visitor-serving objectives	Would result in lesser impacts to public recreational access than the previous WWTP upgrade project because of a smaller footprint and greater distance from the coast
Project could impact archaeological resources	The EIR would investigate this issue and likely require appropriate mitigation
Project insufficiently sized to accommodate future growth in the City and CSD	WRF Project will be sized for City buildout in accordance with the existing General Plan and will be coordinated with the ongoing General Plan update
Project did not include substantial water reclamation component	WRF Project will include indirect potable reuse via augmentation of the Morro Valley Groundwater Basin
Unclear how project could affect water quality from the outfall	Water quality would vary from filtered, disinfected wastewater (during startup and high wet weather conditions) to a concentrated brine stream (from reverse osmosis) when producing water for indirect potable reuse
Notes:	
(1) Coastal Commission Concerns are reasons for possible inconsistency with LCP and related Coastal policies, based on the January 2013 Coastal Development Permit denial for the WWTP Upgrade Project	

At the end of the August 8 meeting, City and CCC staff committed to working together on a program as described above, if the City Council were to select this (or another) site west of Highway 1, near the existing WWTP. If, in the opinion of CCC staff, there was any point in the process that suggested moving forward at this location would be “fatally flawed”, they would inform City staff to allow the City to change direction as appropriate.

The program management team reached out to representatives of those who challenged the permit application for the WWTP upgrade project to determine whether or not they would likely be supportive of a WRF at a site near the existing WWTP location. The clear sense of these discussions was that even if the project is designed to address key coastal issues, the City is likely to face a similar challenge at the Coastal Commission for this project. The outcome of such a challenge is uncertain, but it is a process for which the City would need to be prepared, including its potential effect on CCC's disposition related to issuing required coastal permits for the WRF project.

CCC staff also indicates that based on their recent experience with permitting efforts for other coastal wastewater treatment facilities, it is likely that if the coastal permit is approved, there would be a condition that would require the City to pursue the eventual relocation of the facility to an inland site. The timeframe of such a condition could range from 10 to 30 years, depending on specific circumstances related to the site (Dan Carl, Coastal Commission District Director, September 19, 2017).

Regional Water Quality Control Board. Regional Board (RWQCB) staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB staff had been supportive of the City's efforts at the existing WWTP in 2013.

The RWQCB provided correspondence to the City Council dated July 11, 2017, and provided supporting testimony at the meeting that evening. RWQCB staff indicated that the Regional Board was beginning to lose patience with the City's delays in choosing a site and moving forward. At the same time, Board staff expressed that they would be highly supportive of a project that included a substantial reclamation component, either at the outset of the project, or with a firm timetable related to its implementation. If the project did not have such a component, or if its implementation was time uncertain, the Board would be less supportive, and likely push harder on implementing a strict timetable. Failure to meet such a timetable could involve substantial financial penalties. The RWQCB has considerable latitude regarding the magnitude of such penalties. Staff indicated it would not be in the City's financial interest to pay those penalties as a way of avoiding moving forward with the project.

Cayucos Sanitary District. City staff met with the Cayucos Sanitary District (CSD) staff on August 3, 2017, in order to coordinate on issues of common interest as the two agencies move forward on their separate projects. A key issue is that the two agencies jointly own the Hanson/RV site that is being considered in this report. CSD staff indicates that the City will need to work closely with CSD before the City can effectively move forward with its project at this location. CSD staff did not indicate what CSD's specific concerns might be.

Key Opportunities

Potential development on the Hanson/RV storage site presents the following opportunities:

- **Lowest Cost Option.** Of all the sites under consideration, this is the lowest cost option. As discussed previously in this report, a reclamation project at this location would cost an estimated 17% less than development of a similar project at the South Bay Boulevard site. Based on the costing methodology assumptions consistent with Peer Review Panel recommendations, the estimated difference is about \$26 million, when soft costs and a contingency are applied. Most of the difference is due to reduced pipeline and pump station costs.
- **Close to Existing Wastewater Infrastructure.** The site is adjacent to the existing WWTP, so very little new pipeline and a much smaller lift station would be needed to connect a new facility to the City's existing wastewater collection system. This factor is important with respect to minimizing both construction and maintenance costs.
- **Proximity to Reclamation Opportunities.** The site is relatively close to potential reclamation opportunities, including to where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.
- **The City Already Owns the Site (jointly with CSD).** The site is already owned in part by the City, although as noted above, it jointly owns the site with the CSD. In order to gain full control of the site and any development on the site, the City would need to work with CSD on a mutually acceptable agreement. It is not certain what the terms of such an agreement might be, so this is a potential constraint as well.

Key Constraints

The key constraints facing development at this location include:

- **Previous CCC Denial of WWTP Upgrade Permit at Adjacent Site.** The site is adjacent to the existing WWTP. The Coastal Commission denied a Coastal Permit at that location in 2013 for a variety of reasons, related to that project's inconsistency with the City's LCP and a variety of Coastal policies. The new project will be challenged to address these issues, which range from a variety of coastal hazards, to other issues related to shoreline access, appropriate coastal development and visual impacts. Some of the key Coastal issues are listed and described in the bullet points that follow.
- ✓ **Tsunami Inundation Zone.** Based on the Tsunami Inundation Map for Emergency Planning (July 2009), the site lies within a tsunami inundation zone. A Shoreline Erosion Study and 100-Year Sea Wave Run-up Analysis was conducted for the adjacent existing WWTP site by Earth Systems Pacific, and concludes the maximum anticipated tidal generated surge that could occur at the property, when considered in conjunction with an eroded or scoured beach, a 100-year storm event, an extreme high tide, and the projected 100-year rise in sea level, would result in a maximum tsunami elevation of 17.2 feet. This elevation is located approximately 220 feet to the west (seaward) of the location of the site. Notably, the 2010 Final EIR for the adjacent WWTP Upgrade Project concluded that potential impacts related to tsunami would be less than significant without mitigation.
- ✓ **Partially within the 100-Year Flood Zone.** Roughly one-third of the 11.6-acre site lies within the 100-year flood plain. Environmental Science Associates (ESA) prepared a site-specific Flood Hazard Analysis (August 2009) for the WWTP upgrade project, the recommendations of which were considered and incorporated into the Final EIR and conditions of approval for that project. These measures could potentially be applied to a new WRF at the Hanson/RV site.
- ✓ **Shoreline Erosion and Sea Level Rise.** The site is potentially subject to the effects of sea level rise. The 2010 Final EIR for the adjacent WWTP Upgrade Project reported the following with respect to the adjacent WWTP site: "In May 2009, the Pacific Institute prepared an evaluation of the population, infrastructure, and property that would be at risk from a projected sea level rise of 1.4 meters (m) in the year 2100 (Pacific Institute, 2009). The study includes a series of maps that indicate changes in coastal base flooding and erosion high hazard zones in 2100 due to a 1.4-m sea level rise. The map for Morro Bay North includes the WWTP site and indicates that by the year 2100, storm surge events could breach the barrier sand dunes and inundate inland areas, including the existing treatment plant and Morro Bay High School. The Morro Dunes RV Park, which is located at a higher elevation, would not be inundated. The map shows that the existing WWTP would remain above the high hazard erosion zone. These long-term projections suggest that the existing plant site may be subject to inundation in the future during a storm surge event." Based on "Draft Sea Level Rise Adaptation Strategy Report" (Moffat and Nichol, August 2017), the Hanson/RV storage site was found to be vulnerable to coastal flooding by the 2100 timeline horizon. An EIR for a new WRF project at the Hanson/RV location would need to critically evaluate this issue with updated information.
- ✓ **Liquefaction.** The potential for liquefaction at the site is moderate to high (San Luis Obispo County PermitView, 2017). Appropriate design mitigation would be needed to address this hazard.
- ✓ **Visual Sensitivity.** The site is near the Pacific Ocean and adjacent to a primary access road to the beach, and thus considered visually sensitive from the perspective of the Coastal Commission. Appropriate design would be required to address this issue. The site would be visible to an adjacent RV park. In addition, although the site (like the existing WWTP) is about 0.5 to 1 mile from the

Nutmeg neighborhood, it is visible to more residents in that neighborhood than the Righetti site is to those residents, because the neighborhood generally slopes west toward the coast, including this site. Appropriate design would be required to address visibility issues.

- ✓ **Cultural Resources.** The site is relatively near identified significant cultural resources, including archaeological sites that include human burials (Final EIR for the WWTP Upgrade Project, 2010). It is also generally sensitive because of its proximity to Morro Creek. This issue would need to be evaluated for a project at this location.
- **Long-Term Possible Relocation Condition from CCC.** CCC staff has indicated that, as a possible condition of approval, the City may be required to provide a timeline for relocating the plant out of an area that could be affected by future sea level rise. On similar projects elsewhere in the state that could be subject to sea level rise or coastal inundation, CCC has sometimes issued temporary permits or permits that require reconsideration from 10 to 30 years after initial authorization. CCC might also include other design-related conditions to address coastal hazards, which could adversely affect project costs.
- **Near Morro Bay High School and Residences.** The site is within 1,000 feet of Morro Bay High School, and within 2,000 feet of an estimated 150 homes east of Highway 1, on either side of Highway 41, generally south and west of Hill Street. Because of this proximity, the WRF would need to be designed to mitigate for possible odor-related impacts.
- **The City Owns the Site Jointly with CSD.** As noted above, the City and the CSD jointly own the site. In order to gain full control of the site and any development on the site, the City would need to work with CSD on a mutually acceptable agreement. It is not certain what the terms of such an agreement might be, so this is a potential constraint.
- **Permit Process Would Take Longer.** Because of the multiple issues described above, and the need to coordinate closely with CCC staff to resolve them, CCC staff believes the permitting process would take longer than at other sites farther from the existing WWTP site. The CCC staff did not put a specific timeframe on how much longer such a process might take, but suggested the process could take 18 to 24 months. This extended timeframe could jeopardize the WIFIA loan.

C. Site 3: Dynegy Tank Farm

Overview

This 9.2-acre site is located adjacent to and just south of the outlet of Morro Creek, across the creek from and south of both the existing Wastewater Treatment Plant and the Hanson/RV site (Figure 4). It is a relatively small portion of the 90-acre Dynegy property (APN 066-331-040), and includes the part of that site that formerly supported a tank farm. This portion of the Dynegy site is currently vacant. Like the Hanson/RV site, this location has not been previously studied in the various WRF siting reports, but since it is near the existing WWTP, there is information in the Rough Screening and Fine Screening Analysis for the existing WWTP site that is likely applicable to the site. The Final EIR for the Morro Bay-Cayucos Wastewater Treatment Plan Upgrade Project (December 2010) also has some relevant information that could apply to the site.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. Preliminary discussions with CCC staff on August 8, 2017, indicated they had similar concerns as related to the Hanson/RV site, in that both sites are near the existing WWTP. However, based on City staff's description of the site, CCC staff also recognized that the Coastal Act issues at this site are not the same as those at Hanson. For example, the site is at a slightly higher elevation, and generally out of the 100-year flood plain. It is also not subject to sea level rise and shoreline erosion to the same extent as the

Hanson site. Finally, it is not as visually sensitive, as the site is generally not visible from publicly-accessible locations near the shoreline, because of berms, fences, and changes in elevation. Public coastal access would not likely be impeded by a WRF at this location, since it is within the boundaries of a privately-owned industrial facility that already has controlled access. However, CCC staff indicated that the Dynegy site may present a unique challenge that was not the case for the Hanson/RV site. At the meeting of August 8, 2017 with City staff, CCC staff suggested there could be permitting limitations on future uses at the Dynegy related to the tank removal and subsequently recommended review with the California Energy Commission. This issue is being pursued with California Energy Commission.

The following were the key takeaways from CCC staff relative to moving forward at this location:

- Staff is open to discussing possible permitting at a site near existing WWTP, but there are no guarantees of approval;
- Permit approval will be challenging because of previous denial of the upgrade project in 2013 – however, the Dynegy site is not located in the floodplain and does not raise the same flood risk concerns as the Hanson site;
- The Coastal Commission will need to be convinced that the new project has successfully addressed issues related to previous denial. The City will need to show how the new site and project are different than before – as mentioned this site does not have the floodplain concerns the old project had;
- CCC staff will work iteratively with City staff to address these issues as appropriate, through the permitting and CEQA process;
- The CCC’s technical team will need to verify issues related to flooding and sea level rise to ensure impacts are accurately assessed and properly mitigated if they are significant;
- The permit process will take longer at a site west of Highway 1 because of high level of public scrutiny and previous history in this general location (no specific timeframe was given on August 8, but in a subsequent conference call meeting on September 19, CCC staff suggested the permitting timeframe could possible take 18 to 24 months);
- It would need to be demonstrated that coastal access is not impeded by a project at this location;
- Timeframe for permitting at sites outside city (South Bay, Righetti) would be less, primarily because those sites could follow County LCP requirements—though all such sites are subject to Coastal appeal; the longer permitting timeframe has potential adverse cost implications; and
- Will need to coordinate with the City’s LCP update process as appropriate.

As with the Hanson/RV site, Director Carl was not particularly optimistic about the City’s chances of success at this location, but said those chances would improve if the City can make a strong case that the new project can successfully address the issues that were at the heart of the January 2013 denial of the WWTP Upgrade Project. As noted above, several issues of concerns at the Hanson/RV site may be less of an issue at this location, including visual impacts, flooding and sea level rise. Nevertheless, because of the general proximity of the site to the coast and the existing WWTP site, this location will require a detailed technical investigation in the EIR to fully assess these issues in order to determine whether or not they are significant, and if so, the nature of the mitigation that would be required. Table 3 summarizes the key issues of concern to the Coastal Commission that would require investigation at this site.

As the City moves forward to investigate these issues, the intent is to work closely with CCC staff to show how the new project and design could be found to be consistent with Coastal policies. CCC staff noted that ideally, the City’s current LCP update would account for a project at this location. Otherwise, a separate LCP amendment would need to be processed for this action. It is unclear to CCC staff what the disposition of the Coastal Commission would be if the City were to approve an LCP update, and then amend shortly thereafter it to include a new WRF at this location.

At the end of the August 8 meeting, City and CCC staff committed to working together on a program as described above, if the City Council were to select this (or another) site west of Highway 1, near the existing WWTP. If, in the opinion of CCC staff, there was any point in the process that suggested moving forward at this location would be “fatally flawed”, they would inform City staff to allow the City to change direction as appropriate.

The program management team reached out to representatives of those who challenged the permit application for the WWTP upgrade project to determine whether or not they would likely be supportive of a WRF at a site near the existing WWTP location. The clear sense of these discussions was that even if the project is designed to address key coastal issues, the City is likely to face a similar challenge at the Coastal Commission for this project. The outcome of such a challenge is uncertain, but it is a process for which the City would need to be prepared, including its potential effect on CCC's disposition related to issuing required coastal permits for the WRF project.

CCC staff also indicates that based on their recent experience with permitting efforts for other coastal wastewater treatment facilities, it is likely that if the coastal permit is approved, there would be a condition that would require the City to pursue the eventual relocation of the facility to an inland site. The timeframe of such a condition could range from 10 to 30 years, depending on specific circumstances related to the site (Dan Carl, Coastal Commission District Director, September 19, 2017).

Regional Water Quality Control Board. Regional Board (RWQCB) staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB staff had been supportive of the City's efforts at the existing WWTP in 2013. As long as these goals are achieved, the RWQCB would likely be supportive of a project at this location.

Key Opportunities

Potential development on the Dynegy site presents the following opportunities:

- **Lower Cost Option.** This is the second lowest cost option. As discussed previously in this report, a reclamation project at this location would cost an estimated 13% less than development of a similar project at the South Bay Boulevard site. Based on the costing methodology assumptions consistent with Peer Review Panel recommendations, the estimated difference is about \$19 million, when soft costs and a contingency are applied. Most of the difference is due to reduced pipeline and pump station costs. It is slightly higher in cost than the Hanson/RV site because of its location on the opposite side of Morro Creek from where the City's existing wastewater collection system terminates.
- **Close to Existing Wastewater Infrastructure.** The site is near the existing WWTP, so very little new pipeline or lift station infrastructure would be needed to connect a new facility to the City's existing wastewater collection system. This factor is important with respect to minimizing both construction and maintenance costs.
- **Proximity to Reclamation Opportunities.** The site is relatively close to potential reclamation opportunities, including to where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.
- **Outside of 100-Year Flood Zone.** Unlike the Hanson/RV site, this location is above the 100-year flood zone, which removes one potential constraint that faced the WWTP Upgrade Project when the CCC considered and denied it in 2013.

- **Not Visually Sensitive.** Much of the site is generally not visible from publicly-accessible locations, especially those between the site and the shoreline. Much of the site is screened by landscaping, berming, or fencing. Portions of the site are visible from a residential neighborhood across Highway 1, but future WRF uses would be visually consistent with existing industrial development associated with the Dynegy site.

Key Constraints

The key constraints facing development at this location are similar in some respects to the Hanson/RV site, and include:

- **Previous CCC Denial of Adjacent WWTP Upgrade Permit.** The site is near the existing WWTP site. The Coastal Commission denied a Coastal Permit at that location in 2013 for a variety of reasons, related to that project's inconsistency with the City's LCP and a variety of Coastal policies. The new project will be challenged to address these issues, which range from a variety of coastal hazards, to other issues related to shoreline access, appropriate coastal development and visual impacts. Some of the key Coastal issues that could be factors at this site are listed and described in the bullet points that follow.
 - ✓ **Tsunami Inundation Zone.** Per the "Community Baseline Assessment" (Michael Baker International, May 2017), the tsunami inundation zone extends to Highway 1 between Azure Street and Highway 41, to Little Morro Creek Road between Highway 41 and the power plant, and typically to the immediate beach area south of the power plant. This site, being between Highway 41 and the power plant, is within that zone.
 - ✓ **Shoreline Erosion and Sea Level Rise.** The site is potentially subject to the effects of sea level rise, though not to the extent of the Hanson/RV site because of its higher elevation. Based on "Draft Sea Level Rise Adaptation Strategy Report" (Moffat and Nichol, August 2017), the Hanson/RV storage site was found to be vulnerable to coastal flooding by the 2100 timeline horizon. The furthest northwest edge of the Dynegy property is within this floodplain, but preliminary potential site layouts do not occupy the affected portions of the site.
 - ✓ **Liquefaction.** The potential for liquefaction at the site is moderate (San Luis Obispo County PermitView, 2017). Appropriate design mitigation would be needed to address this hazard.
 - ✓ **Cultural Resources.** The area is near the mouth of Morro Creek, and several cultural resources have been identified in this area. Thus, the site may be considered sensitive relative to the potential to uncover unidentified cultural resources. The site would need to be evaluated further to confirm the presence or absence of such resources at this location.
- **Long-Term Possible Relocation Condition from CCC.** CCC staff has indicated that, as a possible condition of approval, the City may be required to provide a timeline for relocating the plant out of an area that could be affected by future sea level rise. On similar projects elsewhere in the state that could be subject to sea level rise or coastal inundation, CCC has sometimes issued temporary permits or permits that require reconsideration from 10 to 30 years after initial authorization. Whether this is an issue in this case would be based to a large extent on a detailed study of sea level rise potential at this location. CCC might also include other design-related conditions to address coastal hazards, which could adversely affect project costs.
- **Near Morro Bay High School and Residences.** The site is within 1,800 feet of Morro Bay High School, and within 2,000 feet of an estimated 100 homes east of Highway 1, on the south side of Highway 41, generally including the mobile home development near Errol Street, but also including the far western corner of the neighborhood at the base of Radcliff Avenue. Because of this proximity, the WRF would

need to be designed to mitigate for possible odor-related impacts.

- **Land Use – Permitting Limitations?** There may be limitations on future land uses at this location from permitting conditions associated with the removal of the tank farm. Project management staff have also reached out to California Energy Commission for input.
- **Permit Process Would Take Longer.** Because of the multiple issues described above, and the need to coordinate closely with CCC staff to resolve them, CCC staff believes the permitting process would take longer than at other sites farther from the existing WWTP site. The CCC staff did not put a specific timeframe on how much longer such a process might take, but suggested the process could take 18 to 24 months. This extended timeframe could jeopardize the WIFIA loan.

D. Site 4: Righetti

Overview

The area commonly known as the Righetti site (APN 073-084-013) is owned by Paul Madonna et al (Figure 5). In 2015, the property was put on the market for sale, and the property owner had indicated a willingness to sell it to the City. The City subsequently entered into an MOU with the property owner that has since expired and has not been renewed. In February 2016, the site had been identified as a preferred option in the Morro Valley to pursue for a new WRF. However, subsequent outreach and community workshops provided important feedback from many residents within the Nutmeg/Ponderosa neighborhood to the west, who were strongly opposed to moving forward at that location. The site was analyzed further in a May 2016 report, comparing it to four other locations, including two others in the Morro Valley as well as the South Bay Boulevard site. That report concluded that the Righetti site was the lowest cost option among these, but presented challenges related to project implementation because of delays and cost escalation related to addressing neighborhood concerns. For that reason, the City Council chose to focus on pursuing a WRF at the South Bay Boulevard site.

This location was previously considered in many of the WRF-related siting reports, including the following:

- Rough Screening Report (2011)
- Fine Screening Report (2011)
- Options Report (December 2013)
- Report on Reclamation and Council Recommended WRF Sites (May 2014)
- Report to City Council on Potential WRF Sites (May 2016)

Recent Regulatory Agency Outreach and Input

California Coastal Commission. As part of the 2011 Fine Screening Report, CCC staff identified the Righetti site as a potentially suitable location at which to pursue a new wastewater facility. CCC staff was generally supportive of this location through the site selection process conducted from 2013-16. There is an ephemeral drainage trending north-south that comes from the higher elevations on the site, and passes directly through the site on its way toward Morro Creek across Highway 41. The drainage is identified by San Luis Obispo County as “Coastal Zone stream”. It is unlikely that development could avoid this typically dry drainage feature, and would most likely need to be elevated to avoid being subject to runoff during heavy rain events. This issue would require further investigation in the design and environmental review processes for a facility at this location. Coastal Commission staff were consulted regarding these drainages, and agreed they will need to be addressed through the permitting process (Dan Carl, CCC staff, April 27, 2016).

Once the South Bay Boulevard site was identified as a preferred option by the City Council in June 2016, CCC staff has not opined further on the Righetti site. However, in a meeting of August 8, 2017, CCC staff suggested to City staff that if the Righetti site is pursued, that the most expeditious permitting process would be to work with San Luis Obispo County, and secure a Coastal Development Permit through their Local Coastal Plan.

San Luis Obispo County. The site is located outside the City, but could potentially be annexed. City staff has not pursued further discussions with San Luis Obispo County staff relative to this location, but it is reasonable to believe they would concur with CCC staff that it would be appropriate for the City to obtain a Coastal Development Permit for a project at this location, similar to the approach that would be applied at the South Bay Boulevard site.

Regional Water Quality Control Board. As noted above, RWQCB staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB Staff has not opined on this site, because it has not been the focus of recent City efforts to construct a WRF.

The RWQCB provided correspondence to the City Council dated July 11, 2017. Although it did not address the this location in that letter, RWQCB staff strongly encouraged the City to move forward as quickly as possible, and expressed concern that shifting focus to a new site could result in further delays that would hinder the attainment of their key objectives related to water quality and reclamation. RWQCB staff also provided testimony at the July 11 City Council meeting consistent with their letter of the same date.

Key Opportunities

Potential development at the Righetti site presents several key opportunities, which include:

- **Close to Existing Wastewater Infrastructure.** The site is adjacent to the City, and close to the heart of the City's existing wastewater conveyance system. It is similar in distance compared to Giannini, and closer than South Bay Boulevard. It is farther when compared to the sites west of Highway 1 (Hanson/RV and Dinegy). This factor is important with respect to minimizing both construction and maintenance costs.
- **The Site is at Lower Elevation than South Bay Boulevard.** The most developable 10 to 15-acre portion of the site is relatively level and located about 80 to 100 feet above sea level. This is slightly lower than at South Bay Boulevard, which helps to reduce the required size of the new lift station when compared to the South Bay Boulevard site. This is another factor that would help minimize costs to some extent.
- **Proximity to Reclamation Opportunities.** Because of its Morro Valley location, the site is relatively close to potential reclamation opportunities, including to where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.
- **Lower Cost Than South Bay Boulevard.** Development of a WRF at this site would be about 11% less expensive than at South Bay Boulevard, primarily for the reasons cited above related to the proximity to the existing collection system and reclamation opportunities.
- **Potential for Land Conservation.** Only a small portion of the 250-acre site would be needed for the WRF. If it acquires the entire site, the City could explore the potential to work with land trusts to preserve the remainder of the site in open space, agriculture or some other similar passive use in perpetuity, including all areas in direct proximity to neighbors in the Nutmeg neighborhood.
- **City Tank Easement Costs Could be Eliminated.** The City currently pays approximately \$30,000 per year

to lease the property for the Nutmeg Tank, which provides storage for the City's water distribution system. By purchasing the entire property, this lease cost could be eliminated. This is not reflected in the costs presented in this Report.

Key Constraints

The key constraints facing development at this location include:

- **Neighborhood Proximity.** The site of potential development is as near as 600 feet east of the nearest homes along Nutmeg Avenue and Ponderosa Street, a distance that expands to roughly 2,000 feet for homes at the northernmost end along Nutmeg Avenue. The backyards of some rear-facing windows of some of these homes along the easternmost neighborhood streets have a direct line of sight to the potential WRF location, and are somewhat elevated relative to the site under consideration (from 50 to 250 feet higher, from south to north). In all, 424 homes within this neighborhood are within 2,000 feet of the potential WRF site, with 35 homes within 1,000 feet, although most of these homes are on the opposite side of a ridgeline that separates them from the WRF site.

At a February 25, 2016 community workshop, many residents in this neighborhood voiced strong opposition to locating the WRF on the Righetti site, citing visual, odor, noise, and traffic concerns. Although City staff committed to designing the facility to address these issues, many in this neighborhood remain unconvinced, since they believe the presence of a WRF, no matter how well-designed, could adversely impact their property values.

Many of the same residents expressed similar concerns at several subsequent public workshops and meetings, including at the Citizen Advisory Committee meeting (March 1, 2016), City Council (March 8, 2016), two community workshops (April 7 and 10, 2016), and outreach at local farmers' markets (April 9 and 14, 2016).

The site is also about 1,300 feet west of the nearest homes within the Rancho Colina community. These homes, however, are blocked from a direct line of sight by intervening topography. There is also a ranch home on the south side of Highway 41 about 1,100 feet to the south directly across from the site. Some residents in these areas expressed similar concerns regarding the site, but not to the same extent as those in the Nutmeg/Ponderosa neighborhood.

- **Onsite Drainage Features.** There is an ephemeral drainage trending north-south that comes from the higher elevations on the site, and passes directly through the site on its way toward Morro Creek across Highway 41. The drainage is identified by San Luis Obispo County as "Coastal Zone stream". It is unlikely that development could avoid this typically dry drainage feature, and would most likely need to be elevated to avoid be subject to runoff during heavy rain events. This issue will require further investigation in the design and environmental review processes for a facility at this location. Coastal Commission staff were consulted regarding these drainages, and agreed they will need to be addressed through the permitting process (Dan Carl, CCC staff, April 27, 2016).
- **Property Availability.** The City had entered into an MOU with the existing property owner to purchase and control the site, but that MOU expired in July 2016. Although the property is potentially available, it is not known whether the property owner would willingly work with the City to enter into a new MOU.

E. Site 5: Giannini

Overview

The 35.7-acre Giannini Property (APN 068-401-014) is located in the City limits just south of Highway 41, and east of Highway 1 (Figure 6). The site is located in an upland area overlooking the Morro Valley south of Morro Creek, and is currently undeveloped rangeland within the Coastal Zone. This site is designated as Low Density Residential with a PD (Planned Development) overlay under the City's General Plan and zoned R-A (Suburban Residential).

Little Morro Creek Road provides direct access to the site. Elevations on the site range from about 60 to 200 feet, sloping upward from the north. Approximately 21% of this sloping is a 10 to 15% slope. The remainder is between 15 and 30% slope. The least sloping portions are along the eastern boundary of the property, following a minor drainage that flows northward to Little Morro Creek, which in turn empties into Morro Creek. This is the portion of the site considered the most optimal for potential development of a new WRF, as shown on Figure 6. The site is separated from coastal views by a low ridgeline, such that the property faces northward toward the Morro Valley. A residential subdivision is located immediately southwest of the site, with homes along Hillcrest Drive immediately fronting the site. Several high voltage power lines traverse the site.

This location was previously considered in some of the WRF-related siting reports, including the following:

- Rough Screening Report (2011)
- Options Report (December 2013)

The 2013 Options Report found that in many respects, the Giannini site has some of the advantages of the Righetti site, including proximity to water reclamation opportunities. It also faces similar challenges, notably its proximity to an existing residential neighborhood, and the potential opposition that could arise from that neighborhood if this site were carried further in the process. From a cost perspective, it is likely similar to Righetti, and somewhat less expensive than the South Bay Boulevard site.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. CCC staff has not previously considered this site in detail, since it was originally dismissed in the 2011 Rough Screening Report and was not the recommended site in subsequent reports. However, in a meeting on August 8, 2017, CCC staff suggested that permitting at this location would require an amendment to the City's LCP because the site is already located within the City limits. Permitting through the County's LCP would not be an option.

Regional Water Quality Control Board. As noted above, RWQCB staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB Staff has not opined on this site, because it has not been the focus of recent City efforts to construct a WRF.

The RWQCB provided correspondence to the City Council dated July 11, 2017. Although it did not address the this location in that letter, RWQCB staff strongly encouraged the City to move forward as quickly as possible, and expressed concern that shifting focus to a new site could result in further delays that would hinder the attainment of their key objectives related to water quality and reclamation. RWQCB staff also provided testimony at the July 11 City Council meeting consistent with their letter of the same date.

Key Opportunities

Potential development at the Giannini site presents several key opportunities, which include:

- **Close to Existing Wastewater Infrastructure.** The site is adjacent to the City, and close to the heart of the City's existing wastewater conveyance system. It is similar in distance compared to Righetti, and closer than South Bay Boulevard. It is farther when compared to the sites west of Highway 1 (Hanson/RV and Dynegy). This factor is important with respect to minimizing both construction and maintenance costs.
- **The Site is at Lower Elevation than South Bay Boulevard.** The most developable 10 to 15-acre portion of the site is gently sloping and located about 70 to 100 feet above sea level. This is slightly lower than at South Bay Boulevard, which helps to reduce the required size of the new lift station when compared to the South Bay Boulevard site. This is another factor that would help minimize costs to some extent.
- **Proximity to Reclamation Opportunities.** Because of its Morro Valley location, the site is relatively close to potential reclamation opportunities, and closer than any other Morro Valley site to the City's wells and the lowest part of the valley, where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.
- **Lower Cost Than South Bay Boulevard.** Development of a WRF at this site would be about 8% less expensive than at South Bay Boulevard, primarily for the reasons cited above related to the proximity to the existing collection system and reclamation opportunities.

Key Constraints

The key constraints facing development at this location include:

- **Neighborhood Proximity.** The site of potential development is as near as 600 feet northeast of the nearest homes along Hillcrest Drive, a distance that expands to roughly 1,000 feet for homes at the northernmost end along Nutmeg Avenue. The backyards of some rear-facing windows of some of these homes along Hillcrest Drive have a direct line of sight to the potential WRF location, and are somewhat elevated relative to the site under consideration (from 70 to 100 feet higher). In all, 227 homes within this neighborhood are within 2,000 feet of the possible WRF site, with 85 homes within 1,000 feet, although most of these homes are on the opposite side of a ridgeline that separates them from the WRF site (City Council presentation, March 8, 2016).

In addition, the nearest home on Little Morro Creek Road is just to the east, and potentially within 300 feet of the site. The next home along the roadway is about 1,000 feet further to the northeast. These homes would have a direct line of sight with no visual obstructions.

No community workshops have been held to discuss the Giannini site, because the site was never selected by the City Council for further analysis after the publication of the December 2013 Options Report. However, it is reasonable to expect that there could be substantial neighborhood concerns similar to that experienced relative to the Righetti site if this location is selected. Compared to Righetti, the nearest homes are closer and there are more of them within 1,000 feet. The elevation difference is also less.

- **Onsite Drainages or Jurisdictional Waters.** There is an ephemeral drainage trending north-south that comes from the higher elevations on the site, and passes directly through the site on its way toward Little Morro Creek. The drainage is identified by San Luis Obispo County as "Coastal Zone stream". It is

likely that development could avoid this typically dry drainage feature, but this issue will require further investigation in the design and environmental review processes for a facility at this location. The site has not been comprehensively surveyed for biological resources. This site does not contain Environmentally Sensitive Habitat Areas (ESHA) as defined in the City's LCP or shown on its zoning map. Studies included with a previous application for development on the site identified areas on the site supporting Cambria morning glory (a "watch list" species), and the potential for wetlands on portions of the site.

- **Property Availability.** The property is not currently for sale, and it is not known whether the property owner would willingly sell it to the City for this purpose.
- **Cultural Resources.** The site is on a sloping hillside, uphill from the Little Morro Creek drainage. As noted in the 2011 Rough Screening Evaluation, this site included a permanent prehistoric occupation site. However, only a small portion of the property has been surveyed, so the occupation site may be larger than previously recorded. That said, the entire site may be considered highly sensitive because of its general proximity to Morro Creek. Until it is fully surveyed, the possibility of encountering additional sensitive cultural resources on this property cannot be discounted.
- **Little Morro Creek Road Improvements.** Based on past discussions related to development on this site, it is likely that Little Morro Creek Road would require improvements in order to accommodate the construction traffic and, ultimately, City staff vehicles associated with a new WRF at this location. The extent and cost of such improvements has yet to be determined; however, an allowance for road improvement has been included in the capital cost opinion in this report.

SECTION 4 CONCLUSIONS

4.1 Cost Considerations

In general, the two sites nearest the existing WWTP are the lowest cost options, while South Bay Boulevard is the highest. Righetti and Giannini are in the middle of the pack. This is consistent with estimated differences in annual operating and maintenance costs. The lowest cost option is approximately 17% lower than the highest cost option, much of which can be accounted for by the need for lift stations and longer pipeline infrastructure for the sites that are farther either from the City's existing wastewater collection system, or from the preferred well injection field that would be the primary water reclamation opportunity.

All of the sites will be relatively expensive to build a full WRF project. At this stage, cost estimates at the five sites range from approximately \$125 to 150 million, which at this stage include a 20 or 25% contingency, depending on the site, based on recommendations in the Draft FMP and the findings of the Peer Review Panel report. The key drivers of the cost differences include:

- *Proximity to the City's existing wastewater collection network;*
- *Proximity to reclamation opportunities, particularly the City's wells; and*
- *Lift stations and the length of pipelines that would be required to connect to a new WRF.*

It is also noteworthy that a water recycling facility will be needed in order to achieve the full support of both the California Coastal Commission and Regional Water Quality Control Board, based on their recent interactions with the City on this project. In addition, many funding sources, including a low-interest SRF loan and up to a \$73.7 million WIFIA loan (49% of the project cost) the City recently qualified for, will be contingent on the City building a project that includes a full recycled water component.

Another cost consideration is the City's ability to receive permits within a timeline that is acceptable to EPA for funding under the WIFIA program. This funding is critical to implementation of the project, due to the high cost for bond funding and the anticipated short-term shortfall in SRF funding.

4.2 Non-Cost Considerations

In general, the South Bay Boulevard site has the highest degree of certainty and the clearest path to timely project implementation, for several reasons. It has been studied extensively in several recent siting reports from 2013-16, and a draft Facility Master Plan (FMP) has been prepared for the site. The FMP is based in part on very recent technical investigations of the site, including a biological assessment, cultural resources evaluation, and geotechnical analysis. The FMP responded to these studies by including a preliminary design intended to avoid or minimize potential impacts with respect to these issues. There has also been extensive outreach conducted with respect to the site, including from the nearest residential neighbors as well as adjacent property owners. Their concerns have also been considered in the FMP, especially with regard to minimizing visual impacts, odor impacts, and land use compatibility. Crucially, staff from the Coastal Commission, San Luis Obispo County, and the Regional Water Quality Control Board have expressed support for pursuing development at this site. Their support will be necessary for the City to acquire the necessary permits from these agencies to move forward with the project. Finally, there is an existing Memorandum of Understanding with the property owner to acquire the necessary portion of the site to build the project. If the Council chose to move forward at this location, the preparation of an Environmental Impact Report (EIR) could commence immediately. The completion of that EIR is a critical path item for a number of reasons, including the project procurement process and the ability to secure certain grants and loans to help offset project costs.

Thus, if cost were not a consideration, the South Bay Boulevard site would be the clear choice for moving forward with the project.

That said, each of the other sites has its advantages. The Righetti and Giannini sites are each relatively close to the existing wastewater collection system and potential reclaimed water injection sites, which directly relate to reducing potential project costs. The Righetti site in particular has the potential to support an open space or agricultural conservation easement over the remainder of the site, and thus provide a hard urban edge to growth in the City. Additionally, the City owns water tanks on the Righetti property and the \$30,000 annual property lease costs could be avoided if the City purchased the property. But these two sites have some clear disadvantages, notably related to their proximity to residential neighborhoods. In early 2016, the City already explored the potential to locate a WRF at the Righetti site, and many within the adjoining neighborhood demonstrated strong and sustained opposition. It is reasonable to expect that a similar occurrence might occur if the City moved forward at the Giannini site.

The primary advantage of the two sites west of Highway 1 is that they are lower in cost than any other location. If cost were the only consideration, either of these would be an obvious choice. But time is another crucial consideration, both from a funding and permitting perspective. Not only has the RWQCB indicated that the City could face substantial penalties in the event it does not implement a project soon, some of the potential funding for the project may no longer be available if it does not. The City recently was invited to apply for a WIFIA loan to cover up to 49% of the total project cost, but there is a limited window for the City to make an application, which depends to some extent on the completion of an EIR for the project. Finally, a protracted permitting process could result in higher project costs, because project costs tend to escalate over time.

The Coastal Commission has indicated that the permit process for a project at either location west of Highway 1 would likely take considerably longer than for a project located farther from the existing WWTP. To a large extent this is due to the fact the CCC denied a permit to the previous WWTP Upgrade Project in 2013, determining that project was inconsistent with a variety of Coastal Act policies and inconsistent with the City's LCP (Dan Carl, CCC District Director, August 2013). CCC staff have indicated it will take a careful and collaborative effort for the City to demonstrate that a new WRF project near this site can be designed to be consistent with Coastal policies, particularly as they relate to coastal hazards such as sea level rise, flooding, and tsunami inundation. The Dynegy site has fewer constraints related to flooding, so it could have a slight advantage related to the permitting process. Such a project would also need to be designed to be visually compatible and consistent with future coastal development that may occur in the vicinity. And even if these issues are addressed, CCC staff indicates there is some degree of uncertainty that the Commission itself would actually grant the needed permit, regardless of staff's recommendation.

Additionally, CCC staff has indicated the City may be required to provide a timeline for relocating the plant out of an area that could be affected by future sea level rise. This is likely to affect the Hanson site and possibly the Dynegy site. In some cases, CCC has issued temporary permits or permits that require reconsideration from 10 to 30 years after initial authorization.

Thus, if the City Council were to move forward at one of the two sites west of Highway 1, it needs to be prepared for the potential risks related to timing and the possibility that a permit may only be issued with a time limitation or that requires future relocation.

4.3 Summary of Key Findings

The three key factors in developing a successful project are cost, permitting and timing. These factors are highly related.

In order to meet the City's 5-year goal (and Regional Water Quality Control Board's direction to complete the plant construction by December 2021), it is crucial that the City select a site for study in an Environmental Impact Report as soon as possible. The construction cost differences among the sites could be potentially offset to a large extent if one site presents less risk of schedule delays or pauses and can move forward more quickly,

or if timing risks the City's ability to receive funding through the WIFIA program.

A key framing issue with respect to both cost and timing is the City's eligibility to receive a WIFIA loan to pay for up to 49% of the project. The City has a one-year window to apply for this loan from the time it was deemed qualified to apply, after which time an application will not be accepted. That one-year window closes on July 17, 2018. A key consideration in making that application is that the project must be sufficiently defined and vetted to allow the completion of the federal environmental review requirements under the National Environmental Policy Act (NEPA) pursuant to federal standards set forth by the U.S. Environmental Protection Agency (USEPA), the agency administering the loan. Without that loan, it is likely that financing the project will face much higher interest rates, which will drive the project cost upward. Thus, timing and resulting coordination regarding site selection, environmental analysis, and permitting is crucial to the project's success, especially as it relates to minimizing costs.

In addition, it is clear that in order to secure this WIFIA loan, a full reclamation project would be required. Both CCC and RWQCB staff concur that their support also depends on this being a full reclamation project, although both agencies are open to the concept of phasing the reclamation component, if it can be clearly shown when this component will come online.

The following summarizes the key findings of the report relative to the issues of cost, permitting and timing.

Costs

- The cost estimates for a full reclamation project at the five sites range from about \$125M to \$150M, which includes a 25% contingency and soft costs consistent with peer review panel recommendations. The highest cost is at South Bay Boulevard, and the lowest is at the Hanson/RV site. The lowest cost site east of Highway 1 is Righetti (\$133M).
- Without the reclamation component, the cost range at the five sites varies from about \$104M to \$123M.
- The key consideration in the cost variations are the distance of pipeline conveyance and recycled water pump station infrastructure

Permitting

- The most straightforward permitting path is at the South Bay Boulevard site, since that site has been the focus of multiple recent technical reports, is the focus of the existing Facility Master Plan, has CCC staff's support, and is located within the unincorporated County, so that it can be processed through the County's LCP.
- The Righetti site is the next most straightforward, because it is also in the County, and can be permitted through the County's LCP. CCC staff has also expressed support for this site. However, the project would first need to be defined at this location, since it is not the focus of the existing Facility Master Plan. It is also uncertain how previously-expressed neighborhood concerns about the site's location might affect the timing of the permitting process.
- The two sites west of Highway 1 (Hanson/RV and Dynegy) have the most uncertain permitting path. Both would require extensive vetting to address coastal issues, and CCC staff estimates that the permitting process at either location could take 18 to 24 months, with no certainty that a permit at either site would actually be approved. If a permit is delayed or denied, this has potential negative consequences relative to cost, either by jeopardizing the City's ability to secure a WIFIA loan, and/or through the escalation of project costs over time through inflation.
- Permitting at the Hanson/RV storage, Dynegy Tank Farm or Giannini sites would require an amendment

to the City's LCP, since they are all within the City, not the County. CCC staff recommend that this amendment be processed separately from the current LCP amendment process the City is currently undertaking. It has been suggested that since the Dynegy Tank Farm site is already zoned heavy industrial, it may be possible that the LCP amendment process at that location could follow a more simplified approach, but CCC staff could not confirm this at this time.

Timing

- The South Bay Boulevard site presents the fewest regulatory obstacles, and the clearest permitting path. It also has the most technical work completed. For this reason, a project at this site would have the shortest timeframe, and the highest probability of securing a WIFIA loan and needed permitting in a timely manner. The shorter timeframe also would result in the highest probability of minimizing reported project costs.
- The two sites west of Highway 1 (Hanson/RV storage and Dynegy Tank Farm) have the most uncertain permitting path. CCC staff estimates that the permitting process at either location could take 18 to 24 months, with no certainty that a permit at either site would actually be approved. If a permit is delayed or denied, this has potential negative consequences relative to cost, either by jeopardizing the City's ability to secure a WIFIA loan, or through the escalation of project costs over time through inflation.
- Timing at the Righetti site is less certain than at South Bay Boulevard, because of previously expressed neighborhood opposition there, and how this could potentially extend the CEQA process if this is the chosen site. However, from CCC staff's perspective, the permitting process would be similar to the South Bay Boulevard site.
- Timing at Giannini is likely greater than either South Bay Boulevard or Righetti for the following reasons: 1) the need for an amendment to the City's LCP; 2) very little technical work has been done for this site that might help expedite the CEQA and permitting process; and 3) there is the potential for neighborhood opposition because of the proximity of residences to this site.

4.4 Next Steps

The most critical milestone for the City at this time is meeting the July 17, 2018, deadline for submittal of the EPA WIFIA loan application. This loan is critical for funding 49% of the project, but the City will also need to secure the other 51% loan through the State Revolving Fund (SRF) to ensure the project is fully funded. Successfully competing for the WIFIA program is likely to improve the chances of receiving highly competitive SRF loans, since both programs apply similar criteria when evaluating applications. Similarly, receiving WIFIA funding will also position the City for state and federal grants, which are highly competitive. If the City cannot be approved for low-interest federal or state loan programs, financing through bonds will be required which will increase average user costs by \$30 to \$40 per month compared to a project financed through low-interest loans according to the Draft Rate Study (Bartle Wells Associates, April 2017).

It is recommended to complete the applications for SRF and WIFIA funding concurrently to ensure the full project can be funded. If City Council selects a site by November 1st, the Draft EIR can be completed and circulated in time to allow for the preparation of the NEPA document, which is an important component to allow the processing of the WIFIA application. This would also allow the EIR to be certified soon after the application is submitted, which is a critical step for completion of the SRF application. The review and approval process for the SRF application currently requires approximately nine months for completion. The WIFIA application review and processing would proceed concurrently to ensure both programs build compatible terms and conditions into the loan agreements, which is a requirement for jointly-funded projects. If site selection is deferred until after November 1st, the opportunity for low interest project funding would be jeopardized.

As the EIR is prepared, the revised rate study can be recirculated and the hearing for the rate increase can be scheduled. The design-build request for qualifications (RFQ) will also be finalized and released, so contractor teams can be selected and invited to submit final proposals as soon as the EIR is certified. This allows permitting conditions, monitoring, and mitigation requirements to be incorporated into the design-build bids and reduce the potential for cost increases through expensive change orders by selecting a contractor too early.

The contractor will be selected during SWRCB and EPA review of the SRF and WIFIA applications so the contract award occurs before the loan is approved. Initial design efforts can be funded by the City's SRF Planning and Design Loan until the full construction loan is approved.

APPENDIX A COMPARISON OF OPPORTUNITIES AND CONSTRAINTS

Tables A-1 and A-2 summarize the key opportunities and constraints described in the site analysis above. While these are qualitative assessments, and thus somewhat inherently subjective, they are intended to provide the reader a conceptual summary of the magnitude of potential opportunities and constraints.

Key Opportunity	Site				
	<i>South Bay Boulevard</i>	<i>Hanson/RV Storage</i>	<i>Dynegy Tank Farm</i>	<i>Righetti</i>	<i>Giannini</i>
	Applicability to the Site				
Relatively Lower Cost	No; highest cost site	Yes; lowest cost site (about 17% less than SBB)	Yes; relatively lower cost site (about 13% less than SBB)	Mid-range cost; (about 11% less than SBB)	Mid-range cost; (about 8% less than SBB)
Facilities Master Plan has been prepared	Yes	No; would need to adapt existing FMP	No; would need to adapt existing FMP	No; would need to adapt existing FMP	No; would need to adapt existing FMP
Far From Existing Residential Uses or Schools	Yes; few neighbors—senior housing is 1,500 feet south, blocked by topography	No; within 1,000 feet of Morro Bay High School; within 2,000 feet of about 150 homes	Relatively far; within 1,800 feet of Morro Bay High School; within 2,000 feet of about 100 homes	No; within 600 feet of nearest homes in adjacent neighborhood; 35 homes within 1,000 feet	No; within 600 feet of nearest homes in adjacent neighborhood; 85 homes within 1,000 feet
Large Site Providing Design Flexibility	Yes; large site with good flexibility	Limited flexibility; smaller site	Limited flexibility; smaller site	Limited flexibility because of terrain	Limited flexibility because of terrain
Relatively Free of Coastal Commission Resource Issues	Yes; far from coast; ESHA is likely avoidable; limited visibility	No; see constraints	Unclear; near coast, but limited visibility, out of 100-year flood; need to investigate sea level rise; see constraints	Generally yes; far from coast; ESHA and drainages could be issues; cultural resources along Hwy 41	Generally yes; far from coast; cultural resource issues may exist
Site Acquisition is Straightforward	Yes; City has existing MOU with property owner	Yes and No, City owns site with CSD; would need to work with CSD	Unclear; subject to negotiation with property owner	Potentially; City had been in MOU; would need to negotiate again	Unclear; subject to negotiation with property owner
Potential for Land Conservation	Yes; large site—could do open space/ag easement	No	No	Yes; large site—could do open space/ag easement	Possibly; most of site is undevelopable as it is
Pipeline Route with Fewer Regulatory Complexities	Yes; longer pipeline, but generally avoids Caltrans ROW and cultural resources	Yes; minimal pipeline needed	Yes; minimal pipeline needed	No; relative shorter pipeline, but Caltrans coordination needed, and cultural resources exist	Yes; likely to mostly avoid Caltrans ROW and cultural resource issues

Table A-1. Comparative Opportunities at Potential WRF Sites					
Key Opportunity	Site				
	<i>South Bay Boulevard</i>	<i>Hanson/RV Storage</i>	<i>Dynegy Tank Farm</i>	<i>Righetti</i>	<i>Giannini</i>
	Applicability to the Site				
Close to Existing Wastewater Collection Infrastructure	No; about 2.4 miles to center of collection system	Yes; about 0.1 mile from current collection point (SR1/SR41)	Yes; about 0.1 mile from current collection point (SR1/SR41)	Yes; about 0.7 miles from current collection point (SR1/SR41)	Yes/No; about 0.7 miles from current collection point, but pipeline route not direct
Close to Reclamation Opportunities	No; about 2.5 miles from possible injection site	Yes; about 0.5 miles from possible injection site	Yes; about 0.5 miles from possible injection site	Yes; about 0.4 miles from possible injection site	Yes; about 0.5 miles from possible injection site
Relatively Lower Elevation (to reduce pumping costs)	Moderate; about 100-150 feet above sea level	Yes, just above sea level	Yes, just above sea level	Moderate; about 80-100 feet above sea level	Moderate; about 70-100 feet above sea level

Table A-2. Comparative Constraints at Potential WRF Sites					
Key Constraint	Site				
	<i>South Bay Boulevard</i>	<i>Hanson/RV Storage</i>	<i>Dynegy Tank Farm</i>	<i>Righetti</i>	<i>Giannini</i>
	Applicability to the Site				
Relatively Higher Cost	Yes; highest cost site (about 21% more than Hanson)	No; lowest cost site	No; relatively lower cost site (about 5% more than Hanson)	Mid-range cost; (about 7% more than Hanson)	Mid-range cost; (about 11% more than Hanson)
Previous CCC Denial of WWTP Permit at Adjacent Site	No	Yes	Yes	No	No
Tsunami Inundation Zone	No	Potentially; will be analyzed in EIR	Potentially; will be analyzed in EIR	No	No
100-Year Flood Zone	No	Partially	No	No	No
Shoreline Erosion and Sea Level Rise	No	Potentially Yes	Potentially Yes; but less likely than Hanson/RV site	No	No
Liquefaction	Variable	Moderate to High	Moderate	Low	Low
Visually Sensitive	No; limited views from Hwy 1	Yes; near coast; also visible to residents east of Hwy 1	No; limited visibility from public locations	Yes; from Hwy 41 and neighborhood	Yes; from Little Morro Creek Road and neighborhood

Table A-2. Comparative Constraints at Potential WRF Sites					
Key Constraint	Site				
	<i>South Bay Boulevard</i>	<i>Hanson/RV Storage</i>	<i>Dynegy Tank Farm</i>	<i>Righetti</i>	<i>Giannini</i>
	Applicability to the Site				
Cultural Resources	Low Potential; site has been surveyed	High Potential based on nearby known resources	High Potential based on nearby known resources	High Potential along pipeline route—known resources	High potential based on past surveys
Close to Residences or Schools	No; few neighbors—senior housing is 1,500 feet south, blocked by topography	Yes; within 1,000 feet of Morro Bay High School; within 2,000 feet of about 150 homes	Relatively far; within 1,800 feet of Morro Bay High School; within 2,000 feet of about 100 homes	Yes; within 600 feet of nearest homes in adjacent neighborhood; 35 homes within 1,000 feet; neighborhood opposition likely	Yes; within 600 feet of nearest homes in adjacent neighborhood; 85 homes within 1,000 feet; neighborhood opposition likely
Site Acquisition is Less Straightforward	City has existing MOU with property owner	Yes and No, City owns site with CSD; would need to work with CSD	Unclear; subject to negotiation with property owner	Potentially; City had been in MOU; would need to negotiate again	Unclear; subject to negotiation with property owner
Potentially Longer Permitting Process	No; process seems straightforward per CCC and County staff	Yes; per CCC staff—timetable uncertain	Yes; per CCC staff—timetable uncertain	No; process seems straightforward per CCC and County staff	No; process seems straightforward, although City LCP may be amended
Potential Land Use Permitting Limitations	No; would work with County LCP	No, if LCP amended	Yes; possible restrictions related to tank farm removal	No; would work with County LCP	No, if LCP amended
Onsite Drainages or Jurisdictional Waters	Can be largely avoided through setbacks	No	No	Could impact onsite coastal drainage	Can be largely avoided through setbacks
Road Improvements Needed	No, except access road	No; except access road	No; except access road	No	Yes; Little Morro Creek Road would need improvement

Each site is potentially suitable for a WRF. Tables A-1 and A-2 show that each site has relative opportunities and constraints, some of which are shared at more than one site. However, the main constraint for the South Bay Boulevard site is the cost. These are discussed in greater detail in the report conclusions.

APPENDIX B COST ASSUMPTIONS AND DETAILS

Soft costs for the WRF project are made up of the following categories. Detailed costs and descriptions are provided in Appendix B.

- WRF Engineering/Design (8%)
 - Engineering and design costs of the WRF include the range of services from initial geotechnical and survey work at the onset of design, into treatment technology and conveyance design and layout, and through construction where the engineers will provide design clarifications and changes to the contractor as needed.
- Conveyance Engineering/Design (10%/8%)
 - The conveyance facilities contract, which includes the influent pump station and offsite pipelines, is anticipated to be delivered through a conventional design, bid, build approach (DBB), unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one design-build (DB) contract. The engineering and design is estimated at 8% of construction costs for Sites 2 and 3, and 10% for the others.
- Procurement and Preliminary Engineering (4%)
 - This category includes all preliminary engineering, such as the Facility Master Plan, surveying and geotechnical evaluation, siting studies, hydrogeology studies, the Master Water Reclamation Plan, and other engineering tasks necessary to support the project through procurement. Procurement was assumed to be a design-build approach. Procurement costs include development of the request for qualifications, request for proposals, development of performance criteria, and stipends for short-listed firms.
- WRF Project Administration and Construction Management (10%)
 - Administration costs include City staff time, outreach efforts, monthly City Council and WRFCAC meetings, value engineering exercises, budget/schedule management, reporting, contract management, document review, and quality assurance/quality control measures. Construction management includes construction observation, change order management, submittal management, special inspections, and quality assurance/quality control measures.
- Conveyance Project Administration and Construction Management (12%/10%)
 - Administration costs include City staff time, outreach efforts, monthly City Council and WRFCAC meetings, value engineering exercises, budget/schedule management, reporting, contract management, document review, and quality assurance/quality control measures. Construction management includes construction observation, change order management, submittal management, special inspections, and quality assurance/quality control measures.
 - The conveyance facilities contract, which includes the influent pump station and offsite pipelines, is anticipated to be delivered through a conventional DBB approach unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one DB contract. The administration and construction management is estimated at 10% of construction costs for Sites 2 and 3, and 12% for the others.
- Permitting and Monitoring (1%/2%)
 - Permitting costs include development of an Environmental Impact Report and other special studies needed to meet CEQA requirements. Costs will also include Coastal Development Permit preparation, streambed alteration agreements, mitigation/monitoring, and other general permitting. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3, and the costs were estimated at 2% of construction costs at these sites, and 1% of construction costs at the other sites.
- Existing WWTP Demolition (\$3.3M 2017 Dollars)

- Decommissioning of the existing facility will involve removal of all buried pipe and structures to 5 feet below ground surface, backfill, and top with rock. With a 50% contingency, decommissioning of the existing facility is estimated to cost approximately \$5,000,000. The City is anticipated to pay approximately two-thirds of that cost.
- Escalation (3% @ 1 yr/2 yrs)
 - Escalation was included at 3% per year for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites. The Rate Study Update will consider escalation to the midpoint of construction for financing considerations.

The construction contingency for the WRF and conveyance facilities is recommended at 20% of the construction cost subtotal for Site 2 due to the amount of available information for the area, and 25% for the other sites.

Soft costs for the recycled water portions of the project are made up of the following categories:

- Escalation (3% @ 1 yr/2 yrs)
 - The recycled water component of the project may not be constructed concurrent to the new WRF. Escalation was included at 3% for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites. The Rate Study Update will consider escalation to the midpoint of construction for financing considerations.
- Engineering, Administration, Legal, and Permitting (25%)
 - At the current level of planning efforts for the recycled water project, 25% was assumed for engineering, administration, permitting, legal, etc. These costs will be refined further along in the design and planning process.

A 25% construction contingency is recommended for the recycled water portion of the project for all of the site alternatives.

Property acquisition costs are unknown and are not included in the project costs herein. The City will only be responsible for paying the appraised value of the property. Appraisals have not yet been obtained, since the property costs are estimated to be a relatively small percentage of the overall costs. Property costs will increase the total program capital cost opinions; and property costs at Site 2, the Hanson/RV storage site, are anticipated to be the least expensive.

Table B-1. WRF Program Capital Cost Opinion					
	Site 1: South Bay Boulevard	Site 2: Hanson/RV Storage	Site 3: Dynegy Tank Farm	Site 4: Righetti	Site 5: Giannini
WRF CAPITAL COSTS					
Sitework	\$ 2,380,000	\$ 2,980,000	\$ 2,980,000	\$ 1,590,000	\$ 1,540,000
Treatment Facilities	\$ 51,460,000	\$ 51,460,000	\$ 51,460,000	\$ 51,460,000	\$ 51,460,000
Odor Control	\$ 2,750,000	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000
Fire Protection Facilities	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000
Operations Facilities	\$ 6,330,000	\$ 6,330,000	\$ 6,330,000	\$ 6,330,000	\$ 6,330,000
Access Road and Utilities	\$ 2,250,000	\$ 860,000	\$ 1,040,000	\$ 1,850,000	\$ 2,310,000

Table B-1. WRF Program Capital Cost Opinion					
	Site 1: South Bay Boulevard	Site 2: Hanson/RV Storage	Site 3: Dynegy Tank Farm	Site 4: Righetti	Site 5: Giannini
Conveyance (Influent Pump Sta. & Offsite Pipelines)	\$ 13,460,000	\$ 1,000,000	\$ 3,030,000	\$ 5,970,000	\$ 8,480,000
WRF Construction Subtotal	\$ 79,130,000	\$ 67,380,000	\$ 69,590,000	\$ 72,450,000	\$ 75,370,000
WRF & Ops Facilities Engr/Design (8%)	\$ 5,253,600	\$ 5,310,400	\$ 5,324,800	\$ 5,318,400	\$ 5,351,200
Conveyance Engr/Design (10% / 8%) ¹	\$ 1,346,000	\$ 80,000	\$ 242,400	\$ 597,000	\$ 848,000
Procurement (4%)	\$ 3,165,200	\$ 2,695,200	\$ 2,783,600	\$ 2,898,000	\$ 3,014,800
WRF & Ops Facilities Project Admin & CM (10%)	\$ 6,567,000	\$ 6,638,000	\$ 6,656,000	\$ 6,648,000	\$ 6,689,000
Conveyance Project Admin & CM (12% / 10%) ¹	\$ 1,615,200	\$ 100,000	\$ 303,000	\$ 716,400	\$ 1,017,600
Permitting & Monitoring (1% / 2%) ²	\$ 791,300	\$ 1,347,600	\$ 1,391,800	\$ 724,500	\$ 753,700
Existing WWTP Demolition	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000
Escalation (3% @ 1 yr/2 yrs) ³	\$ 2,373,900	\$ 4,042,800	\$ 4,175,400	\$ 2,173,500	\$ 2,261,100
WRF Soft Cost Subtotal	\$ 24,412,200	\$ 23,514,000	\$ 24,177,000	\$ 22,375,800	\$ 23,235,400
WRF Capital Cost Opinion Subtotal	\$103,500,000	\$ 90,900,000	\$ 93,800,000	\$ 94,800,000	\$ 98,600,000
RECYCLED WATER CAPITAL COSTS					
Advanced Treatment	\$ 8,240,000	\$ 8,240,000	\$ 8,240,000	\$ 8,240,000	\$ 8,240,000
Recycled Water Pump Station, Tank, & Pipeline	\$ 7,720,000	\$ 3,040,000	\$ 2,800,000	\$ 3,530,000	\$ 3,830,000
Injection wells & appurtenances	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000
Monitoring wells	\$ 680,000	\$ 680,000	\$ 680,000	\$ 680,000	\$ 680,000
Recycled Water Construction Cost Subtotal	\$ 17,760,000	\$ 13,080,000	\$ 12,840,000	\$ 13,570,000	\$ 13,870,000
Escalation (3%)	\$ 532,800	\$ 784,800	\$ 770,400	\$ 407,100	\$ 416,100
Engr/Admin/Legal/Permitting (25%)	\$ 4,440,000	\$ 3,270,000	\$ 3,210,000	\$ 3,392,500	\$ 3,467,500
Recycled Water Soft Costs Subtotal	\$ 4,972,800	\$ 4,054,800	\$ 3,980,400	\$ 3,799,600	\$ 3,883,600
Recycled Water Capital Subtotal	\$ 22,700,000	\$ 17,100,000	\$ 16,800,000	\$ 17,400,000	\$ 17,800,000
PROGRAM COSTS (WRF + RECYCLED WATER)					
Subtotal Program Costs	\$126,200,000	\$108,000,000	\$110,600,000	\$112,200,000	\$116,400,000
Construction Contingency (25% / 20%) ⁴	\$ 24,222,500	\$ 16,746,000	\$ 20,607,500	\$ 21,505,000	\$ 22,310,000
Total Program Capital Cost Opinion	\$150,400,000	\$124,700,000	\$131,200,000	\$133,700,000	\$138,700,000

Notes:

¹ Conveyance facilities contract (influent pump station and offsite pipelines) is anticipated to be delivered through conventional design, bid, build, unless the project is at Site 2 or 3. In this case, the project would likely be consolidated under one design-build contract, with engineering and design is estimated at 8% and Admin/Construction Management is estimated at 10%.

² Permitting and monitoring costs are estimated at 1% of WRF Construction Subtotal for Sites 1, 4 and 5, and 2% for Sites 2 and 3 due to their coastal location and input from the Coastal Commission staff.

³ Escalation is estimated at 3%. One year is included to get through the planning and permitting stage for Sites 1, 4, and 5, and 2 years is included for Sites 2 and 3 due to their coastal location and input from the Coastal Commission staff.

⁴ Construction contingency is applied to construction costs only. The recommended construction contingency is 20% for WRF costs at Site 2 due to the amount of available information for the area, 25% for WRF costs at the other sites, and 25% for all recycled water project costs.

⁵ Property acquisition costs are not included, but would not factor into the selection of one site over another at the range of costs identified.

July 12, 2017

Morro Bay City Council

Dear council members,

I watched your council session last night on the WRF update. I feel the Hansen location is a long shot especially when dealing with the CCC. I think we need to find a location that we can moved forward on in an expedient manner. We need to meet the deadline that is in place.

The Ragetti or the South Bay Blvd. seems to be the most positive locations providing the least impact on residents. The major difference would be the cost at each location. We need to get the project out for bid so we have a better idea of what technology is available and at what cost. I am in favor of a goal to reach drinking water levels so that we will be able to apply for grants and other loans that might be available to us.

Of course cost is very important to everyone but so is an up to date WRF. If we have to build it in phases then this needs to be done in an efficient and expedient manner so as to save money.

As everyone knows time is of essence. Every delay is costing our city money. Time is running out on our permit and the fines could add up rapidly adding to the cost of building the WRF.

Thank you for your due diligence and time in this very important matter.

Sincerely,

Dr. Robert Swain

Morro Bay

Cc, Members

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Dana Swanson

From: William Glancy
Sent: Saturday, July 15, 2017 1:44 PM
To: Council
Subject: Water reclamation plant

To the Honorable Mayor and City Council, While the water reclamation plant was being discussed with its advantages of making our community more water independent I was all for the project.

After seeing the proposed Cost of the project, I am asking you to please put the proposed project on the back shelf until the cost can be brought way down or we can get some financial assistance from the state or federal government. Please do not put this financial burden on our lovely little town.

Thank you,
William and Jeanette Glancy

Morro Bay Ca. 93442

Sent from my iPad

Dana Swanson

From: Jeffery Heller
Sent: Tuesday, July 18, 2017 2:23 PM
To: Council
Subject: WRF Project: Progress and Future Challenges-Trust

Mayor Irons and council members--

Thank you for making your recent motions re: the WRF project. The City's #1 essential Goal as you all know--is to secure fiscal sustainability for the City. Nothing has more potential to impact our ability to reach that goal (or not) than the WRF project.

Several of you have recently asked how we can all work together to meet the challenges of successfully completing this project. As usual--I have a few ideas:

1. **Empower the WRFCAC** by allowing a selected member to attend all meetings with public agencies, consultants, staff, cost estimators, etc. If this is to be a legitimate "citizens advisory committee"---a member of the committee must be in attendance. The selected member would be chosen by a vote of committee and would exclude the chair as a candidate.
2. **Further Empower the WRFCAC** by mandating that they comment, review and approve all RFQ's, RFP's, contracts, invoices, financial reports, etc. The immediate concern is the RFQ/RFP that will be issued soon to sewer contractors. Allowing the same group that created a \$167M project ("Taj Mahal") --- to generate the RFQ/RFP--will result in "Taj Mahal" proposals from contractors. The devil is in the details. That is why the members of the WRFCAC need to review, comment, and approve of the document before it is issued to contractors for proposals.
3. **Hire a project manager** to control the checkbook. I know you have heard this before--but I cannot overemphasize the importance of this function---which is currently being provided by the residents. I believe the residents active involvement in questioning the costs proposed in the March 2017 document (Master Water Reclamation Plan) has influenced the council's recent decisions. But going forward the City needs to hire a highly qualified individual who has successfully managed the checkbook on other public money projects. I know of 4 or 5 individuals who live in the region and have that background. WRFCAC members need to be on the selection panel as well as members of C.A.L. I urge the council to not delay in moving forward with this action. As active as our residents are---we want the City to put a team in place that we trust so we can go back to living our lives.
4. **Provide Executive Level Information** with detailed backup for those who want to read it. Ideally---a person who walks into a council or WRFCAC meeting for the first time---will see a handout with executive level information (1 page?). This would include summary level financial information, milestone schedule, explanation of commonly used acronyms, etc. Even though this is a technical project---everybody should be able to understand the project on a summary level. **This will also help build trust with your constituents.**

Thank you again for making the tough decisions to look at all options which will satisfy public agencies and provide the rate payers with an affordable project. Carry on.

Jeff Heller

Dana Swanson

From: Jamie Irons
Sent: Thursday, July 20, 2017 7:42 AM
To: Kathleen Oehler
Cc: Dana Swanson
Subject: Re: sewer project

Kathleen,

Thank you for your input on our very important project. I appreciate that you recognize the impacts of climate change and the importance of planning of the future. I am sending your comment on to our City Clerk for the record.

Please continue to follow and comment on the WRF project. In the coming months the City will be discussing the outcomes and cost comparisons of other site options including a site at or near the existing treatment plant site.

Best,
Jamie

From: Kathleen Oehler
Sent: Wednesday, July 19, 2017 12:30 PM
To: Jamie Irons
Cc: Marlys McPherson
Subject: sewer project

To whom it may concern,

I would like to express my dismay when I read, in the Tribune, about Morro Bay considering putting the new sewer at the same site, near the ocean.

Didn't the Coastal Commission tell us it couldn't go there? The threat of rising seas makes the site wrong for a sewer treatment plant.

Please, let's not become Los Osos and let this debate go on for 20 years!

Thanks, Kathy Oehler

Dana Swanson

From: Julia Schenck
Sent: Friday, July 21, 2017 3:05 PM
To: Council
Subject: Sewer plant

Dear City Council, we are new to Morro Bay and have just learned of the plans for the new sewer plant. We are outraged at the projected cost for the proposed site when it could be built so much more reasonably at a different location. There seems to be mixed opinion about whether our current facility could be updated or not. That sure seems to make a whole lot more sense all the way around. Please make sure we get a ballot when this is voted on. Our address is
Morro Bay 93442.

Thank you,
Gary and Julia Schenck

JUL 24 2017

Administration

Morro Bay, CA 93442
July 18, 2017

Morro Bay City Council
595 Harbor Street
Morro Bay, CA 93442

I'm writing to express a sincere protest to the present facility for the water/sewer project that the Council has agreed upon plus it's expensive ramifications to all of its citizens. I have lived in the city for about 30 years and have become familiar through various volunteer groups such as Meals on Wheels, Hospice, library, fire dept. RUOK calls etc. with many citizens. I realize the financial burden of this project will be one overwhelming to the majority of the citizens. (in my opinion and to my estimate).

Sincerely, Jacqueline J. Heitman

Dana Swanson

From: Jamie Irons
Sent: Tuesday, August 01, 2017 7:43 AM
To: Dana Swanson
Subject: Fw: wastewater treatment and water reclamation facility

Please retain for WRF citizen input. Thanks - jamie

From: Jan Surbey
Sent: Saturday, July 29, 2017 1:35 PM
To: Robert Davis; Jamie Irons; Marlys McPherson; John Headding; Matt Makowetski
Subject: wastewater treatment and water reclamation facility

Greetings Mayor Irons and City Council members! Just a note to let you know we are thrilled to hear about the EPA loan and urge you to move the Project forward. We believe that building the complete wastewater treatment and water reclamation facility now would ultimately save the city (and the citizens) money rather than building it "piece by piece". Again exploring alternate sites in an effort to find the most cost effective site also sounds reasonable, although considering building in a location likely to be denied by the Coastal Commission seems foolish.

Again, thanks for all of your work and efforts on this crucially important issue!

Jan Surbey
(Dennis) Mike Cook

Morro Bay, CA 93442

Dana Swanson

From: Bart Beckman
Sent: Monday, August 07, 2017 9:50 AM
To: Martin R. Lomeli
Cc: Council; Rob Livick; Jeffery Heller
Subject: WRF Consultants

Mr. Lomeli,

Welcome to our "elephant" here in Morro Bay - the WRF Project.

I would like to follow-up on some of Mr. Heller's comments. A decision was made many years ago that it would be a better option to hire consultants rather than have a permanent management team on the City payroll. I will not use hindsight to question that decision, but now that we do have hindsight, that decision and/or who was selected should be re-considered.

The CCC decision was made with the belief that it would have a minimal (\$25/month) impact. The cost was \$56M for MB. Then the cost was \$75M. Then the cost was \$100M. Then the cost was \$140M. Now the cost is \$160M. And when contingency is added to make a Project Budget, the cost will be \$180M.

What really changed? Not escalation really as the end date has never changed. Not the sewage treatment. To a small extent, the water treatment. And certainly not the source of these costs - our consultants.

They have not and are not providing any creative or innovative ideas to reduce the cost of the plant - those ideas are coming from our citizens. Some of our Council and citizens visited some local facilities a few years ago and learned that turn-key projects can greatly reduce the cost and timeframe for constructing a facility.

What did the consultants do with this information?crickets

What is the motivation for our consultants? A large and extended project might be the answer.

There are those in the community who have been lobbying for a site west of Highway 1 from the outset. Since this is NOT the idea of the Consultants, it would seem their motivation is to not have that be an outcome as they could then be criticized for not finding that option. Nor were the consultants instrumental in forging a bridge-building relationship with our neighbors to the North - isn't that something a good, much less excellent consultant would bring to the table?

Were they and you on the phone to the CCC staff the "day after the last Council meeting"? If not, why not. Has a plan been developed to address why the Dynergy or Hanson sites would NOT be a change from the prior CCC decision, but rather an alternative never presented. In other words, an

aggressive document to achieve a win-win for the CCC prior decision and the citizens of Morro Bay.

Also, these consultants were taught that to keep their jobs, they needed to do what the previous CM told them to do. They sat next to him at Council meetings and allowed him to lie about certain facts. Yes, lie - and they did nothing. Is it reasonable that the mentality can now switch gears and understand their jobs are really to be consultants rather than orderlies? Given that they came to the job with little prior experience, it is doubtful.

I have heard nothing but excellent reports about your credentials. I suspect that you have learned who you can trust. It is my belief that you will find no one in that "Trust" circle who will support the current management approach to our WRF Project with the current consultants.

The only option that will clearly be a lower cost is a site west of 1. All of the other sites have issues - if you do seriously evaluate sites east of 1, you need to be sure a fair review is conducted - prior alternative studies were highly flawed to bias a preference.

While there is a need for support to Mr. Livick for this Project, that support can be from other options.

Respectfully,

Bart Beckman

Dana Swanson

From: Tim Hixson
Sent: Tuesday, August 08, 2017 11:38 AM
To: Tim Hixson
Subject: W.R.F

Dear Mayor Irons & City Council members. Please, please help the city of Morro Bay you were elected to serve. Take a stand & some fiscal responsibility & redirect the the course that the WRF has been on & where it appears currently to be headed. Stop the hemorrhaging of \$\$ the citizens of Morro Bay cannot afford. If the city can save 60 million \$\$ by moving it back to the concrete plant location that is what must happen. We certainly must have learned some thing watching the Los Osos plant's construction with it's huge cost over runs due to very poor planning, back & forth site locations & the total lack of fiscal responsibility & common sense. Lean from them, don't repeat it here in Morro Bay.

As our Mayor & City Council you are in a very, very powerful position. You hold the welfare & the ability of an affordable lifestyle for the citizens of Morro Bay in your hands. We can neither afford the proposed huge future water bill or afford to move out of our home. It puts us in a very, very uncomfortable place.

As our elected Mayor & Council I ask you to please exercise some serious fiscal responsibility on our behalf. The time has come to remove all egos from this project & the burning desire to have your way on a relocation of plant that has such dire consequences to the financial well being of the citizens of Morro Bay.

Please nail this thing down & get this plant built. No more delays. No more studies. No more reviews by every board known to man. We need it, then build it. The meter is running & it's costing us by the day & we haven't even selected a site yet.

Put it up the road from the existing plant where trenching & pipe work will be much less expensive. The South Bay site while out of view is too far away & too expensive to entertain. Going back to the sites off of 41 caused & will cause unrest, protests & delays if not law suits.

Common sense must be at the forefront of this project. I am begging you to use some for the good of us all.

Tim Hixson
Morro Bay Ca.

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 10, 2017 4:30 PM
To: Martin R. Lomeli
Cc: Council; betty winholtz; Metzger Tina; Bart Beckmann; 'Ron Reisner'; 'Homer Alexander'
Subject: WRF Milestone Schedule---to get CONTRACTOR PRICING BY 11/14/17.
Attachments: 170803-C-1-Agenda Correspondence for Mtg on 170808-r1.docx

Hi Martin,

Just to make sure you see this---I have attached the Milestone Schedule (pg 2 of attachment) that I presented at the MBCC meeting on 8/8/17. It shows how many activities can be done concurrently in order for the council to have real cost figures from contractors by 11/14/17. Please direct your staff and consultants to get this done. No excuses.

Also---contrary to what your consultants and PW Director said at the meeting (which indicates their lack of experience and knowledge of project management)---it is ROUTINE to have contractors bid projects BEFORE permits are issued and BEFORE EIRs are completed. Any cost impacts that result from permit or EIR requirements are excluded from the contractor's base bid---then negotiated after the permit is issued and the EIR approved.

By the way---how can the City apply for financing without contractor pricing? The engineers will NOT be building the sewer plant---contractors will. Financing applications need to be based on real costs---not "cost opinions".

Regards

Jeff Heller

8/8/17 MBCC Meeting-Agenda Correspondence (R-1)

Item C-1 **Receive WRF Program Update and provide comments and direction deemed appropriate.**

The program update is basically a long, sequential description of activities---many of which can be performed concurrently.

1. I agree with the 60 day timeline for staff to report back to the council on the feasibility of the various sites.
2. Additionally, the RFQ process can and should start immediately as well. We don't need to wait for the site to be selected to qualify the contractors. We have an enormous amount of data collected over the years (including critical flow information), which is sufficient to prequalify contractors who have backgrounds in building the size of plant we need. The WRFAC can generate the first RFQ draft if staff does not have time to do so.
3. The development of "performance criteria" can and should begin immediately as well. These criteria can be slightly modified for each site if necessary. A new Facilities Master Plan is not needed.
4. If the site list is reduced to 2 favorable options at the end of the 60 day period—and the council acts quickly---the short listed (prequalified) design/build contractors should be asked to submit preliminary proposals for the two preferred sites within 45-60 days. If a stipend is required—it should not exceed \$20K/contractor.
5. If the City follows this timeline---we will have contractor cost proposals by the first MBCC meeting in November (120 days). **Only at that time---will we know what this project will cost.**
6. The WRF is one, design build project. There is nothing particularly complicated or out of the ordinary that requires consultants to manage this phase of the project or any future phase of the project. City staff supplemented by professionals on the WRFAC can and should be in charge of project management. Consultants may be needed from time to time---**but should be retained only as needed and only on a "fixed fee" basis.** If you want the current consultants to assist with this phase---a "fixed fee" should be negotiated first.
7. We've paid over \$6M to consultants over the past 5 years---and the City has approved a \$4.3M budget for FY 17/18. **It's time to stop the wasteful depletion of the residents money.**

Suggested Milestone Schedule:

- 1. 7/11/17 MBCC Meeting:** MBCC directs staff to explore site feasibility (3 motions) and public outreach (1 motion). Report back to council no later than 120 days (9/8/17-to staff).
- 2. 7/11/17-8/11/17:** Staff to develop RFQ for sewer contractors. WRFCAC to assist and review as part of developing the RFQ.
- 3. 7/11/17-8/18/17:** Staff to develop “outreach effort” plan.
- 4. 7/11/17-9/8/17:** Staff to prepare “performance criteria” for new WRF.
- 5. 8/8/17 MBCC Meeting:** MBCC to “agendize” presentation of staff’s outreach plan for MBCC meeting on 8/22/17.
- 6. 8/14/17:** Staff to issue RFQ to sewer contractors with a **due date of 9/8/17.**
- 7. 8/22/17 MBCC Meeting:** MBCC reviews “staff outreach plan” (Item #3 above); discussion and motions may follow. MBCC “agendizes” item #1 for the 9/12/17 meeting where discussion and motions can take place.
- 8. 9/12/17 MBCC Meeting:** Council discusses and gives direction on item #1 (selects 1-2 sites?).
- 9. 9/13/17:** Staff issues RFP’s to qualified contractors for the selected 1 or 2 sites. **Contractor proposals are due 11/1/17.** Proposals are then reviewed by WRFCAC and CFAC before staff reports are prepared for the 11/14/17 MBCC meeting.
- 10. 10/24/17 MBCC Meeting:** MBCC “agendizes” review of contractor proposals for MBCC meeting on 11/14/17---where discussion and motions can take place.
- 11. 11/14/17 MBCC Meeting:** MBCC gives direction to staff re: contractor proposals and site selection.

Regards

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 10, 2017 4:05 PM
To: Martin R. Lomeli
Cc: Council; Bart Beckmann; betty winholtz; Metzger Tina; Joseph W. Pannone; 'Homer Alexander'
Subject: WRF Outreach Effort

Hi Martin

I'm not sure who to address this to---but I thought I would start with you. It seems highly illogical to pay the WRF engineering consultants (MKN,JFR, etc.) to perform the outreach efforts for the ever evolving WRF project for the following reasons:

1. There is a clear conflict of interest when a consultant (whose livelihood depends on a project)---and also tasked with providing honest and forthright outreach efforts.
2. Updating their website or sending out colored flyers or a couple of "Workshops" is unlikely to reach a large portion of MB residents. Many do not use the internet, and many do not have time to come to meetings.
3. Will this consultant knock on doors and actually talk with a diverse group of residents? Probably not.

The suggestion I made at this weeks council meeting---was that the various "citizen advisory committees" (WFRAC, CFAC, PWAB, and GPAC) lead the outreach effort---which could be supported by City Staff and consultants as needed. There is no need to pour more money down the drain with the current batch of consultants to perform an outreach effort---particularly since so many members of the community have nothing but animosity towards this group.

If the City decides to continue on this path---it will be one more meaningless outreach effort and one more example of the City's wasteful spending.

Regards

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Monday, August 21, 2017 6:32 AM
To: Council
Cc: Martin R. Lomeli; Andrew Hamilton
Subject: WRF-Freeze Runaway Spending no later than 9/26/17

Dana

Please add this to the correspondence for the "public comment" portion of the MBCC Meeting on 8/22/17.

To be frank, it is unbelievable to me that the runaway spending on the WRF project continues. The FY17/18 Budget shows \$4.3M to be spent on "program management" and "engineering" on the WRF project. You could hire **20 people at \$200K/yr each** on a contract basis for \$4.3M! The math is very simple.

I assume the "Sewer Accumulation Fund" was set up to accumulate funds for a new sewer plant. Based on the rate increases begun in 2015, the beginning cash balance for this fund this fiscal year is \$8.33M---which is a good start. But by spending \$4.3M this year of unneeded "soft costs", you are **CUTTING THIS FUND IN HALF**, while paying 8-10 times more than you should be for these professional services!

I understand you want "feasibility studies" done on several sites. That is fine---but once they are submitted---you need to fire the consultants. We desperately need the Sewer Accumulation Funds to be used for construction dollars---rather than consultant dollars. We have enough information to build 10 sewer plants.

Mr. Mayor, council members, and City Manager---you have lost the support of the people of Morro Bay. I urge you all to lead the City by taking strong action to stop the runaway spending now.

Regards

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 24, 2017 12:17 PM
To: Council
Cc: Martin R. Lomeli; Andrew Hamilton; Bart Beckmann; 'Ron Reisner'
Subject: OUTREACH - WRF FINANCIAL REPORTING

Mr. Mayor and council members

I am asking you again to agendize "WRF Financial Reporting" at the next council meeting. 90% of the resident's resistance to the WRF project is a history of unclear, piecemeal and short term expense reports that the average citizen can easily understand. The pie chart with write up issued recently is helpful---but still not clear enough for most residents.

I recommend that one of you step up and agendize "WRF Financial Reporting" at the next council meeting.

Again---I cannot overemphasize how important simplified WRF project cost reporting is to our residents. We are looking for a simple, clear report for each of the past 5 fiscal years beginning FY11/12--FY16/17, as well as a YTD report for FY17/18.

If you need input on how to simplify the reporting---please contact me or Bart Beckman.

Thank you

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 24, 2017 12:37 PM
To: Council
Cc: Martin R. Lomeli; Rob Livick; Bart Beckmann
Subject: Bay News Article re: MB WRF Plant on Chevron Property by Cayucos'
Attachments: 170824-Bay News Article re Chevron Property WRF Option.pdf

Mr. Mayor and council members

I have attached a recent article from the Bay News that I hope you all will read and consider. It is an opinion piece written by Tom Rost---who has attended and spoken at several council meetings re: possibly building our new WRF adjacent to the Cayucos plant currently underway. His cost figures have been informally confirmed by Cayucos. As you may know---Tom has significant business background pertinent to our WRF project. I know many of you have informally met with CSD officials and discussed this option. Due to the significant savings outlined by Mr. Rost----I would hope the council would add this option to those currently under consideration.

Thank you

Jeff Heller

City Could Save Money at Toro Road

Mayor Irons and City Council Members:

I commend the Council on the action to pause to review the Water Reclamation Project.

My experience, having been a one-third owner of a civil engineering company operating from Frankfort, Ken., to Fairfield, Calif., is that the same current technological design is consistently used. The only variable is the increase or decrease in capacity.

Morro Bay's unit is not of unique design, thus the engineering cost should be very minimal. My wife and I are residential owners in Morro Bay and have grave concerns about the evolution of the Water Reclamation Project.

It is noted that Morro Bay's Public Works Department has a staff person assigned to its Water Reclamation Project and has contracted two outside Water Reclamation Project consultants, being John Rickenbach and Mike Nunley, as well as having the engineering firm from Kansas City of Black and Veach as consultants on the project.

Without question this is an inappropriate use of the taxpayers' money.

These services could be combined by using a local project manager, such as Frank Cunningham from Los Osos. This eliminates layers of bureaucracy and becomes much more efficient and cost effective.

In the July 17 town hall meeting, conducted by Councilman John Headding, he agreed that the treatment and reclamation unit is of a cookie cutter design and would have a basic price no matter what site is chosen.

Morro Bay staff acknowledges this on Page 7 of its Draft Water Reclamation Master Plan of March 2017, citing \$89.7 million as construction costs.

It is further noted on that page a category known as "Construction Contingency." Construction contingency is only calculated on the construction costs of the physical unit being constructed. Using \$89.7M figure as an example, the contingency allowance would only be \$8.9M, not \$26.2M, meaning a savings of \$17.3M.

Contingencies are not calculated on engineering designs, permits, fees, property acquisitions, procurements, etc.

It is noted in the May 26, 2015 proposed water and sewer rate increases on Page 4 that a wastewater treatment and reclamation facility for both Cayucos and Morro Bay was \$75 million. This figure has now been verified as accurate, in that Cayucos has contracted for a total project sum of less than \$25M. That means that twice the size of the Cayucos plant should not cost Morro Bay more than \$50 million.

The rate structure is already in place and being implemented, as every property owner/rate payer knows by their increased billing from 2014 as projected

through 2019 for a \$50 million unit. The reasons for the increase of rate were set out in the notice by the City of Morro Bay Council of May 25, 2015 on Pages 1 through 5.

The one project site location that has never been under consideration because it is new is to purchase 3 to 5 acres from the Cayucos Sanitary Water District off of Toro Creek Road. This would be by far the most cost efficient site for the Morro Bay Wastewater Reclamation Project, with the least residential impacts on the residents of Morro Bay.

It is in the community's best interest of Morro Bay and Cayucos that the Morro Bay Wastewater Treatment Plant be located off of Toro Creek Road. Cayucos Sanitary District may be amenable for Morro Bay to acquire from it a 3 to 5-acre site, which would essentially allow the two plants to be in close proximity to each other. The land cost would be the same cost per acre as Cayucos would have paid per acre for its land.

It is emphasized that this does not suggest or imply in any way that the Morro Bay facility would be tied to the Cayucos facility. Morro Bay's unit would stand alone, be under its own control and its own financing, and would not in any circumstance impact the progress of Cayucos' facility nor its financing.

The Toro Creek site would not be impacted by the Coastal Commission because it is outside their zone, except the required piping under Highway One

going east on Toro Creek Road to the new facility, as in like manner Cayucos is required to do.

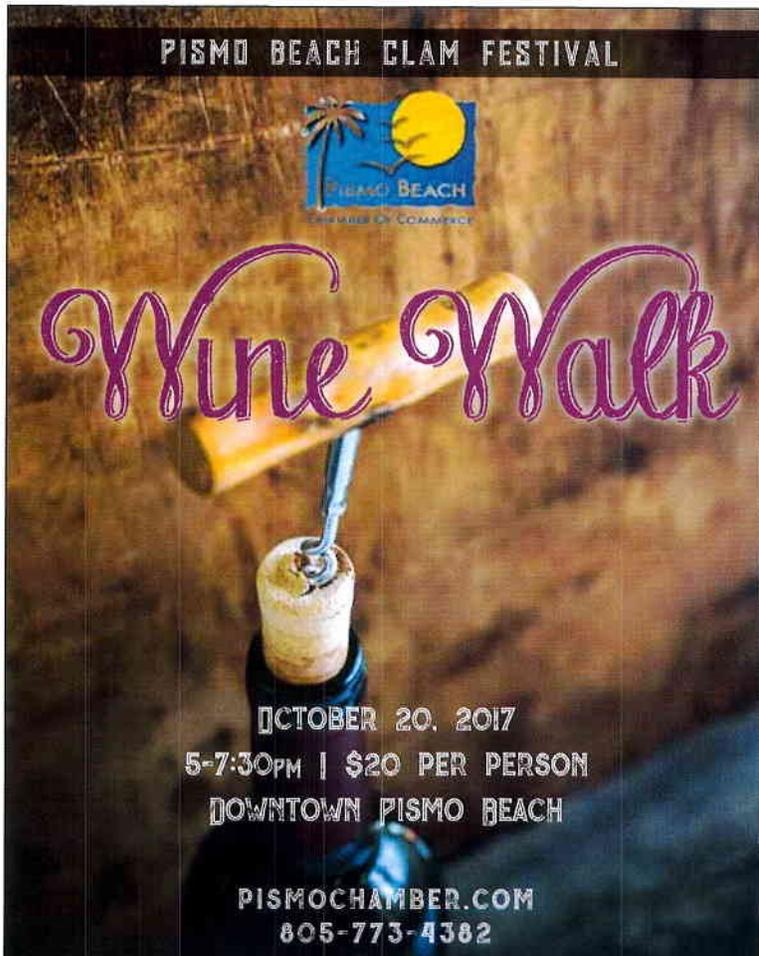
Any new site, other than the present site for wastewater treatment, will require lift stations and new piping. However, the Toro Creek Road site would have the least amount of piping due to the two existing pipes flowing between Morro Bay and Toro Creek Road.

The present treatment site for Morro Bay could be easily retained as an emergency retainage facility until transfer to the new plant thus possibly eliminating outflow to the ocean. The Toro Creek site probably would further minimize the permitting process in that Cayucos has initially paved the way.

Thank you for considering this new project site and the substantial reductions in millions of dollars of costs that this site provides for the benefit of the citizens of Morro Bay, as well as citizens' concerns for odor emissions and other neighborhood-incompatible nuisances. The savings by choosing the Toro Creek site would be in excess of \$100 million.

Sincerely,
Thomas Rost, Morro Bay

Editor's Note: Tom Rost is a Morro Bay resident. He sent this letter to the Morro Bay City Council and cc'd it to Coastal Commission and Regional Water Quality Control Board staffers.



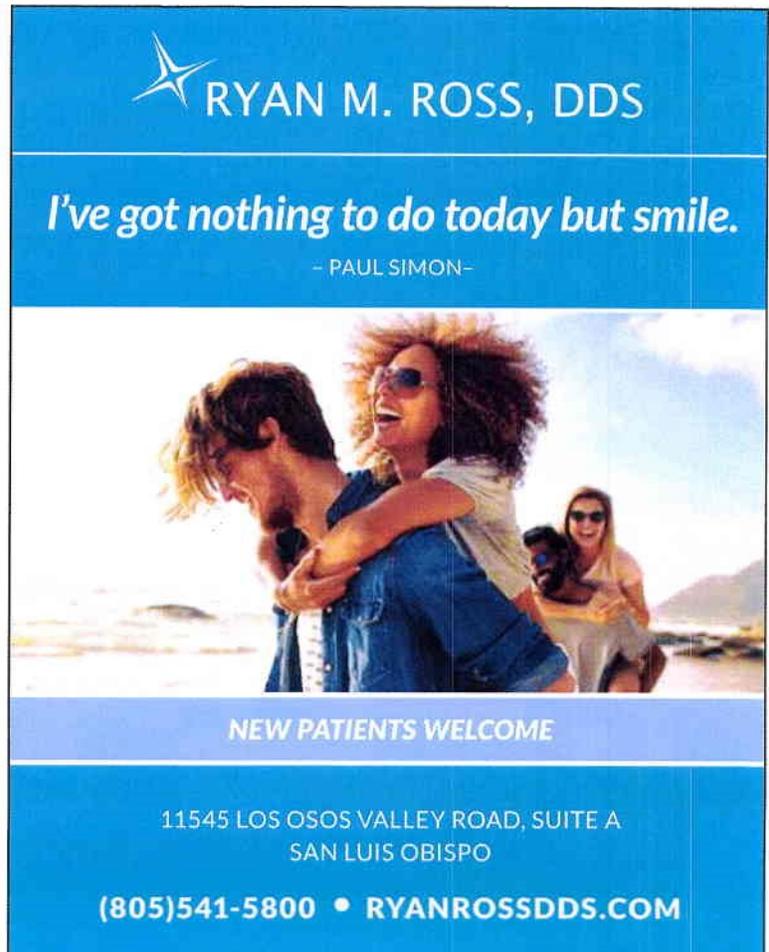
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“Move the Sewer” was a familiar rallying cry during the sewer wars in Los Osos in the early 2000s. And now, the same could apply to Morro Bay.

Morro Bay City Council was slated Tuesday to discuss a peer review of its proposed new sewer treatment plant, after the review panel gave a stinging critique of the City’s \$167 million project, calling it too expensive and not likely to be funded through the State Water Quality Control Board’s low interest loan program.

Among the recommendations from the review panel were to move the project back to Atascadero Road at or near the existing plant for both cost savings and ease of construction; and to change pretty much everything about the project including the treatment technologies, the level of treatment and more.

Sewer, from page 1

The peer review panel was made up of Wastewater Division Manager, Matt Thompson of Paso Robles; John Waddell, SLO County’s Construction Division manager and project manager for the Los Osos sewer project; Russ Fleming, utilities manager in Pismo Beach; and Dave Hix, Utilities Department deputy director for wastewater for the City of San Luis Obispo. They met June 7 in an all-day session with the City staff and project consultants.

That closed meeting was the result of a previous council vote to have the project reviewed for potential cost savings after a proposed rate study said the minimum rate for someone using a minimal amount of water would be \$249 a month.

Among the findings was that the location of the project — at the north end of South Bay Boulevard east of town — was the major problem.

“Pipeline and earthwork costs there are very high,” the report said. “The most effective way to reduce construction cost is to go back to near or on the existing WWTP site.”

One of the City’s main conundrums is its use of the State Water Project for drinking water, and the panel said if the City intends to follow through on wastewater reclamation and become water independent [SEP] it would be a lot cheaper and more easily doable from Atascadero Road.

“To do that,” the report said, “the City will need to work closely with the Coastal Commission and RWQCB, and gain buy-in from key community groups.”

But the most astonishing revelation from the report was that the project as proposed, while accurate in its cost estimates and assumptions, is simply too expensive.

“Due to the State’s fiduciary responsibility, the high cost and rate and resultant controversy may impact the ability to receive low interest State Revolving Fund financing compared with less controversial projects. If the City had to rely on conventional municipal bond financing, the sewer rate would be even more unaffordable,” the report concluded. [SEP]

“The proposed combined water/sewer rate of \$250/month is untenable in the context of average Citywide household income of \$50,000 about 6% of annual income, which is higher than the EPA’s affordable index (4.5%).”

The report also recommends abandoning the idea of moving the City maintenance yard to the South Bay site, and moving around the project’s preliminary layout to take advantage of a flatter area that would require less grading and fill. Right now, that’s where the City has its new corp yard penciled in.

Changing from the membrane bio reactor or MBR technology to oxidation ditches, and drop building a septage receiver station (they deemed this unnecessary) would save more money. And this: “If the City does not intend to go to full tertiary treatment, consider going to an oxidization ditch with secondary clarifiers.”

Such technology, which uses biological treatment and is what is used in Los Osos, Pismo, Paso

and SLO, is cheaper to build, operate and maintain compared to the entirely mechanical and energy intensive MBR.

The report also said that if the City indeed intends to do reclamation, it should build the facilities now because they will be more expensive if put off until later.

Taking the peer panel's recommendations, the project staff crunched some rough preliminary numbers and said the changes suggested — including changes to management costs and other “soft costs” — could save from \$38 million to \$43 million on the same project the City has in mind at South Bay Blvd. (i.e. full MBR tertiary treatment with advanced micro-filtering to “recycle ready” levels).

But that would still give the City a project for between \$124 million and \$129 million.

“Approximately 85% of the potential cost savings can be attributed to changes in the WRF costs [through tertiary treatment, but not including advanced treatment],” the report said, “and approximately 15% of the cost savings are associated with the recycled water project.”

The report went to the Water Reclamation Facility Citizens Advisory Council or WRFCAC on June 6 where citizens packed the Vet's Hall in a show of growing concern in the community. WRFCAC member, Richard Sadowski, who also sits on the planning commission, strongly argued for returning the project to Atascadero Road, suggesting that a now-closed concrete batch plant owned by the City was a better site.

“The Coastal Commission doesn't have the authority to move us off that site,” Sadowski said.

WRFCAC Chairman, John Diodatti, pointed out that the peer review panel did not review the City's planning documents or the Coastal Act requirements when making its review. “So the peer review panel made land use comments without using the land use data?” he asked.

The City's outreach consultant, John Rickenbacker, confirmed that, but added that they didn't ask for that level of review. Basically he said the panel said if your only goal is to reduce costs, go to a site where you don't have as much costs.

He said they wanted them to look at the project with no restrictions and the panel concluded the project team was using a “reasonable” methodology, which supports the work that he and Mike Nunley have been doing, though the siting and preliminary design work on the project thus far has topped \$3.3 million and counting. Work on an environmental impact report is on hold right now until the council gives clear direction where it wants to go with this.

Sadowski pointed out that the City's previous project, which was abandoned by a newly-elected City Council majority (3-2 vote) in late 2012, and denied by the Coastal Commission in January 2013 at the behest of the mayor, had estimated costs of about \$34 million and “now it's \$124 million?” Sadowski wondered.

WRFCAC member, Ginny Garelick, wanted to know if the City staff has been in contact with the Coastal Commission staff or the regional water board? “Is it even feasible?” she asked referring to possibly moving back to Atascadero Road.

The WRFCAC and the review panel both recommended the City take a 2-month hiatus “to investigate a project at or near the existing Wastewater Treatment Plant site and informally vet that potential with the Regional Water Quality Control Board and the California Coastal Commission.”

Because that work would not be within the approved work plan for the consultants, Public Works Director, Rob Livick estimated that would take another \$26,000, but that's not a concern as the project budget apparently has enough fat in it to cover that amount.

“If that alternative proves viable and proceeds, then additional work and rework will be required to address project changes in the Facilities Master Plan and may require re-scoping and revisions

to the work already completed for the EIR,” Livick’s staff report for Tuesday’s meeting reads. “Those costs have yet to be determined.”

At its June 23 meeting prior to the peer review being released to the public, the City Council discussed a revised project schedule that still calls for a Prop. 218, protest vote on the needed rate increase, spoke about holding a dedicated public workshop in July at a time to be determined at Tuesday’s meeting.

The City intends to push forward with a new rate study for whatever project comes out of that process presenting it in August for a possible September protest vote.

-By Neil Farrell

August 29, 2017

TO: Mayor Irons and Council Members Davis, Headding, Makowetski, and McPherson

RE: Sewage plant

I write in support of Thomas Rost's proposal, put forward in his powerful letter to the Council of August 8, for proceeding on a Toro Creek site for the new sewage plant. You must give his suggestions serious attention. From the beginning, it's seemed sheer lunacy that two small adjacent towns, which have had a successful, collaborative agreement for over half a century, are building major infrastructure projects at separate locations.

We've spent years and millions of dollars investigating a succession of inappropriate locations: Rancho Colina (too constricted a site for the Council's ever-expanding plans for what would amount to an industrial park); Righetti Ranch (clearly an incompatible use of a site abutting city neighborhoods, one that sparked—and will continue to spark—fierce opposition); South Bay Boulevard (once thought ideal, now seen as too expensive). A site near the current facility, which might cause the least disruption to Morro Bay, would involve the California Coastal Commission, whose concern for our quality of life and the economic impact on ratepayers is questionable.

It's time to cut our losses and go in at the Toro Creek site, whether as an independent entity or as a customer of Cayucos. The advantages are clear, not least the absence of community opposition and the need to work with the CCC. A disinterested analyst assigned to investigating the pros and cons will surely decide in its favor. The current consultants, Nunley and Rickenbach, have failed, and failed, and failed again to give the city good advice, running up vast bills while producing nothing but an endless stream of PowerPoint presentations—not to mention acrimony, anxiety, and anger among the townspeople. They cannot be trusted to assess this new proposal fairly.

Let's bring this interminable wrangling to a close and move on to fresh battles.

Cordially,

Gary Kuris

Resident, Morro Bay

Dana Swanson

From: Robert Settje <
Sent: Wednesday, August 30, 2017 5:15 PM
To: Council
Subject: WRP

Read the article in the Bay News by Thomas Rost. I do not know anything about WRP but I do know when there is a problem and it appears to be with the mayor and city council of Morro Bay. We have been paying for a WPR for 20 months and to date the only plan is to spend \$160 million instead of the \$70 million we were promised. It appears that a Prop 218 vote was taken with no plan and this is fraud. Either refund our money or build a plant. This will become a legal issue very soon as the city can not continue to send out water bills for something that was never planned to happen.

Dana Swanson

From: Bart Beckman
Sent: Sunday, September 03, 2017 2:09 PM
To: Council; Martin R. Lomeli
Cc: Jeffrey Heller; cator1@sbcglobal.net; Betty Winholtz; Homer Alexander
Subject: LAFCO Meeting/Siting Options/Water Rates

LAFCO I had not previously been aware of LAFCO and its relationship to Morro Bay, much less the siting of the WTF. They have provided guidance to the City. **Most interesting is the request for 3,100 AFY instead of 1,500. What is the basis for this request?** And note the concerns about the acreage need. Seems like this maybe is a third player along with the CCC and the RWQB.

Siting Options I met last week with Tom Rost to try to understand "his" suggestion (published in the Bay News) that we could save the residents of Morro Bay significant money. It turns out that the proposal is really one suggested by Cayucos (as Tom noted to me) - interesting as the Council representatives would have us believe Cayucos is totally non-responsive.

I had suggested a few years ago that a mediator seemed to be needed to resolve the Morro Bay/Cayucos battle of wills. I still believe this to be a valid approach, but another would be to have Mayor Irons and Mr. Enns remove themselves from the negotiations. Final approval would have to involve both obviously.

I would like to see Rob Livick, Mr. Lomeli, Rick Koons, one of the WRFAC engineers (definitely NOT Diodati), and Frank Cunningham meet to discuss the "Rost" suggestion.

If we are unable to swallow our pride to work with Cayucos, I am still of a mind that a site west of 1 would be the best alternative to avoid the necessity of "trying" to pass another 218.

Water Rates I am trying to verify if the last 218 included \$25M for a water reclamation facility. If yes, funds are already included in the approved rates for this issue. We clearly have to make a significant commitment to the RWQCB for water reuse.

thanks to Tom, Betty, and Homer for providing the input for this note.

Here is the link to the August 17, 2017, staff report for Morro Bay. It was continued from June to make changes as outlined in red as you will see.

<http://nebula.wsimg.com/f9cf2d7031d1558e5ca71be4997fab2?AccessKeyId=242F22EFFFDE4B18755&disposition=0&alloworigin=1>

If you want to here the discussion and approval of the staff report as presented, you can see the video at this link. Press on item B-1 so you don't have to listen to the whole meeting.

http://slocounty.granicus.com/MediaPlayer.php?view_id=34&clip_id=2691

Dana Swanson

From: Akash Patel
Sent: Saturday, September 09, 2017 8:07 PM
To: Council; Jamie Irons; Marlys McPherson; Matt Makowetski; John Headding; Robert Davis
Cc: Darshan Patel; Ankeet Patel
Subject: Increase in Water/Sewage Rates

Hello,

I do not normally email members of the city council, however, this matter is urgent and I cannot stay silent. Recently, the city of Morro Bay has increased Water/Sewage rates on lodging establishments. Personally, this rate hike has increased my hotel's monthly bill to over \$5100, this type of rate has never been seen and is not feasible for multiple reasons. Firstly, implementing this type of predatory pricing along side California's plan to raise the minimum wage by 50% means that lodging will not be able to control their cost, as currently 55%-60% of all hotels gross revenue goes toward wages alone. You cannot subsidize your new sewer plant on the backs of your current lodging establishments when the Planning Department in the City of Morro Bay is very anti-development of new hotels. The city already collects a 14% TOT, use that money to build the new sewer plant, and if it is not enough, postpone the construction or cut back on city spending.

I voted for and donated to some of the people receiving this email. I did not vote and donate, for the Mayor and Council to sit back and let this outrageous water /sewage fee to pass. The fee hike is not for the benefit of the community and is not for the lodging businesses. This rate hike is a failure accountable to City planning and City staff members.

Thank You,
Akash Patel
Ram Krupa LLC
Development
P: (805) 538-0239
F: (805) 772-2379
akashpatel@ramkrupallc.com

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Dana Swanson

From: Dawn Beattie
Sent: Sunday, September 10, 2017 12:15 AM
To: Jamie Irons; Robert Davis; Matt Makowetski; John Headding; Marlys McPherson; Dana Swanson
Subject: Letter in Support of What You're Doing

I have attended or watched most, if not all, of the last number of years of City Council meetings. I continue to get frustrated at the abundance of misinformation that goes unchallenged - much on Nextdoor as it appears to have been taken over by folks who do not support you, the current Council, and the decisions you are making.

As always, I respect the opinions of others and try to understand where they're coming from, but would like to go on record to say that my silence on the issue of the WRF is NOT agreement with the folks who do not support the decisions you're making. I believe you have done everything, short of setting a budget target, to fix our sewer problems.

I'm aware that most of the possible locations for a new facility are in the Coastal Commission's purview and thus, we are at their whim when it comes to location selection. When they turned down our initial request, which they appeared to be planning to do with or without a letter from you, Mr. Mayor, they set us on an expensive path of identifying and reviewing (at significant cost) a number of potential sites. From there, we ended up here.

I want to make sure you know I support the decisions you are making. If this were easy (if we had a smaller population like Cayucos, less public interest, again like Cayucos), I think a location would have already been chosen, but we're bigger and have more voices.

In closing, I'd like to request that factual data come out of Council and Staff more quickly to correct the misinformation that is out there. In that way, citizens can make decisions based on truth and not perpetuated inaccuracies. The longer misinformation goes unchallenged (for instance, the latest push for a site location next to where Cayucos is building, which was already looked at, and, as I recall, was much more expensive than the S. Bay Blvd. site), the more it becomes reality.

Dawn

Dana Swanson

From: Rob Kitzman
Sent: Tuesday, September 12, 2017 2:18 PM
To: Council
Subject: Waste Water Treatment Cost

Dear Council and Mayor,

As a business owner, employer and ratepayer for 3 properties in Morro Bay, I would like to make very clear my view of the currently proposed cost of the new sewer plant:

This community cannot take on more cost beyond what has already been committed. Residential rate payers cannot afford more. Businesses cannot afford more. This Morro Bay business economy is weak and unbalanced; increased water and sewer rates will weaken us further.

The existing 5 year water and sewer rate increase schedule is already onerous, and in that rate schedule (we were told by City of Morro Bay) includes funds for a new waste water treatment plant.

If you, the City Council, continue to choose a process, design and budget that requires additional funding beyond what we currently have, I have no choice but to put all my available effort behind a prop 218 NO VOTE. Many others in the community will do the same. Do the right thing for our city, and get that plant built within our means.

Sincerely,

Rob Kitzman

--

Rob Kitzman
Kitzman's Culligan
355 Quintana Place
Morro Bay, CA 93442
805.772.8164 Reception
805.772.2579 Direct

Dana Swanson

From: Anne
Sent: Thursday, September 21, 2017 10:55 AM
To: Council
Subject: Please choose the least expensive sewer site

Dear City Council;
Please reconsider the most expensive South Bay Blvd sewer site.

Less expensive sites have been identified and should be considered at the **Sept. 26, 6pm Council meeting.**
Please choose the least expensive site!!!!!!!!!!!!!!

Respectfully,
Anne Winburn