

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

MINUTES

**CAYUCOS SANITARY DISTRICT
BOARD OF DIRECTORS:**

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

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

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

MEETING DATE:

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

HOSTED BY:

Cayucos Sanitary District

MEETING PLACE:

Cayucos Veterans Hall
10 Cayucos Drive
Cayucos, CA 93430

CALL TO ORDER AND ROLL CALL

President Enns called the meeting to order at 6:09 p.m.

Morro Bay City Council present were, Vice-Mayor Nancy Johnson, Councilmembers Noah Smukler, Carla Borchard and George Leage. Mayor Yates was absent.

Cayucos Sanitary District Board members present were President Robert Enns, Vice-President Hal Fones, Directors Shirley Lyon, Michael Foster and Dan Chivens.

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

Cayucos staff present were Interim District Manager Rick Koon, Lewis Brookins, Anita Rebich, Danielle Crawford and District Council Tim Carmel.

PUBLIC COMMENT PERIOD

Members of the audience wishing to address the governing bodies on Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) business matters may do so at this time. By the conditions of the Brown Act, the governing bodies may not discuss issues not on the agenda, but may set items for future agendas. When recognized by the Chair, please come forward to the podium and state your name and address for the record. Comments should be limited to three minutes.

President Enns opened Public Comment.

- Barry Branin – Referenced an article in the Bay News regarding solar panels and their ability to reduce costs and compared this to the relocation of the WWTP and things to look at to reduce the costs to the citizens in the future.
- Joan Solu, Morro Bay – She questioned a letter to the editor in the Bay News that stated costs to build the new WWTP. She referred to the Dudek study and gave various site costs for building and operating the WWTP at those sites. The mention of a boutique hotel's suitability for the current site of the WWTP and its ability to improve the area she stated was impossible with the other current surrounding businesses and operations; the feasibility of anything other than the WWTP on the existing property was not fiscally responsible.
- Jennifer Blonder, Vice-Chair of SLO Chapter Surfrider Foundation – She asked that we really consider the environment when making our decision. She likens this project to putting duct tape on a flat tire.
- Steve Hennigh, Cayucos – Wants to see his business continue. The environment will dictate where the plant ends up; look what happened in Japan with their nuclear power plant. He wrote an appeal to the CCC and it was accepted, please listen to Mother Nature.

Hearing no further comments President Enns closed Public Comment.

A. CONSENT CALENDAR

1. MINUTES OF JANUARY 12, 2012 JPA MEETING

MORRO BAY MOTION: Borchard made a motion to approve the Consent Calendar Item A1 as presented. Smukler 2nd. Motion passed (4-0)

CAYUCOS MOTION: Fones made a motion to approve Consent Calendar Item A1. Lyon 2nd. Motion passed (5-0).

2. MINUTES OF MARCH 8, 2012 JPA MEETING

MORRO BAY MOTION: Smukler made a motion to approve Consent Calendar Item A2. Borchard 2nd. Motion passed (4-0).

CAYUCOS MOTION: Fones made a motion to approve Consent Calendar Item A2. Chivens 2nd. Motion passed (5-0).

3. STATUS REPORT ON CURRENT BIOSOLIDS PRACTICES

Keogh presented his report on the current solids handling operations at the WWTP.

Smukler asked about long term outlook for biosolids due to the loss of digestors and space constraints. Keogh responded the solids from oxygen ditches are different, they have increased odors and vector issues, but he believes they are still compostable. He assured Smukler that the operators of the WWTP would attempt to minimize cost and maximize usage with whatever they are given.

Smukler then questioned the number of truck trips reported in Keogh's report versus the draft EIR. Keogh explained the numbers used in the draft EIR were for 10yd containers whereas we currently use 30yd containers for hauling, and these numbers also represented maximum buildout capacity of 1.5mgd. Keogh spoke with Pismo Beach whos design is similar to ours; they are operating at 1.2mgd currently and are hauling 2 trucks per week to the same Liberty Composting Company.

Smukler concluded that the service of composting is a benefit to the community and would like to see it continue.

Enns questioned are we looking for 100% composting.

Smukler responded he's not saying we should change the design to accomplish a specific recycling figure, but would like to see at least what we have been doing and if possible be as self sufficient as we can and eliminate as much trucking as possible.

Enns replied he understands we will be doing a much better job taking the sludge out of what we are given but on the other hand it creates this issue of what to do with it. Enns said there has been discussion within the County regarding the creation of a regional composting facility and he looks forward to seeing if that is something the County can establish.

President Enns opened Public Comment.

- Betty Winholtz, Morro Bay – Agrees with Smukler, the number of truck trip differences between the two reports is startling.

Hearing no further comments President Enns closed Public Comment.

Enns referred back to the previous explanation that Keogh gave in that the draft EIR, it used 10yd trucks in its figures and we actually use 30yd.

Keogh responded that is correct and that again Pismo Beach is a perfect example of what we would do since they are practically a mirror of our size and use. He continued on to address Winholtz' question on the volume variance of biosolids produced annually, this varies based on plant efficiency and also the volume increases when the digestors are cleaned.

President Enns introduced Rick Koon, the new Interim District Manager for Cayucos Sanitary District and asked that Rick give a brief background on himself.

B. OLD BUSINESS

1. STATUS REPORT ON UPGRADE PROJECT AS OF APRIL 1, 2012

Recommendation: Receive the Status Report and direct staff accordingly

Delzeit presented the status report. He also reported that the de novo hearing with the CCC is still possible for June, if not June then August is next date.

Smukler asked for exact dates of the June and August CCC meetings.

Delzeit responded he didn't have a calendar so exact dates were not available but he believed June 13-15 and August 8-10, 2012

President Enns opened Public Comment.

- Richard Margetson, Cayucos – Asked which CCC commissioners had already been met with and which ones are being met with next meeting, are we planning on meeting with all 12 and is Ms. McCabe going to be present at those meetings.

Hearing no further comments President Enns closed Public Comment.

Delzeit responded Ms. McCabe is the one who arranges all the meetings with the CCC and she attends all the meetings. He isn't sure if they will be able to meet with all 12 commissioners, some prefer not to meet. To date they have met with Commissioners Blank, Mitchell, Brennan, Bloom and tomorrow with Kinsey.

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

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

Delzeit presented his report.

Wade stated in the meetings he has attended with the CCC, he was impressed with Ms. McCabe and the doors she opened to the CCC. Her input and insight has helped facilitate the communications on this project with the CCC.

Rob Livick concurs with Wade on the influence Ms. McCabe has had on opening doors to the CCC and feels this would not have been possible without Ms. McCabes assistance.

Smukler questioned why we still need McCabe and the additional monies to be spent for her services. If the hearing date is in June, or even August, why not proceed on a month-to-month basis for her services. He still sees no performance incentive and feels we have an opportunity to suspend her contract during this down time awaiting the CCC staff report and subsequent hearing.

Johnson responded she doesn't see "down time" it appears Ms. McCabe has been busy.

Foster commented that he has not been a supporter of the McCabe contract from the beginning, but the negotiations and discussions, they have basically put a cap on the amount we spend with Ms. McCabe. We are more than half way through the contract and should see the greatest bang for our buck in the second half of her contract. Foster sees more upside than downside and stated we need to go forward to see the full benefits.

President Enns opened Public Comment.

- Betty Winholtz, Morro Bay - Asked 4 questions of the JPA Board & Council: 1) Why is this report of McCabe's only through February, where are March costs? 2) Once this part of the CCC process is done does Dudek then it pick up or is Dudek involved now? 3) If Dudek is involved now, why do we have both McCabe and Dudek involved at the same time since they are both lobbyists, are we being double billed? 4) Is confused as to why City staff is attending these CCC meetings when we have hired these other people to do this. Winholtz stated we would get a permit with or without Ms. McCabe; it just may not look like the one we want.
- Marla Jo Bruton, Morro Bay – Commented that it's been stated in the past it's not hard to lobby the CCC, staff could easily perform this task; she has met with CCC herself. She feels we are over-lobbying and not listening to what the public wants.
- Jennifer Blonder, Morro Bay – After she heard what we are paying the lobbyist she feels she's in the wrong business as a school teacher. If the project is as good as we say we shouldn't need a lobbyist to sell it to the CCC.

- Richard Margetson, Cayucos – Access to the CCC isn't that hard. Los Osos CSD had many meetings with the CCC. In calculating it out, we are spending \$30,000 per commissioner. Why was staff at the meetings, and why couldn't they lobby or ask the questions. The County isn't using a lobbyist on the Los Osos sewer project which is the most controversial project this County has seen. You need it in writing that Ms. McCabe will see this project through until the end for the \$155,000.
- Dorothy Fones, Cayucos – She agrees with Joan Solu's previous comments. People come month after month and say the same thing every time. They don't represent the communities; they are just a select few. We need a voice (McCabe) to counter the community members acting as independent lobbyists talking to the CCC.
- Steve Hennigh, Cayucos - Not to be redundant, but he hasn't been to a meeting for probably 9 months. This is their time to speak. The reason we have a lobbyist is because we have a project that can't sell its own merits.

Hearing no further comments President Enns closed Public Comment.

Smukler stated that they had a packed house with the Alternatives workshops and quite a varied crowd, we need more public input. He asked if McCabe's services will continue through this permit appeals and farther.

Delzeit responded that McCabe has capped her contract monetarily and will go through the entire permit appeals process for the \$155,000.

CAYUCOS MOTION: Foster moved to retain McCabe on the existing consultant contract modified to a maximum of \$155,000 through the permit appeals process of the WWTP. Lyon 2nd. Motion passed (5-0).

MORRO BAY MOTION: Borchard moved to retain McCabe on the existing consultant contract modified to a maximum of \$155,000 through the permit appeals process of the WWTP. Leage 2nd. Smukler voted no. Motion passed (3-1)

C. NEW BUSINESS

1. PRESENTATION OF DRAFT 2012 RECYCLED WATER FEASIBILITY STUDY

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

Delzeit presented a PowerPoint recap of the Draft 2012 Recycled Water Feasibility Study prepared by Dudek along with additional comparative information on similar Districts and their recycled water programs.

There was discussion amongst Board and Council on the presentation; Borchard asked about the feasibility of groundwater recharge which was explained would be quite costly in terms of pumping due to distance from injection point to extraction point, well relocation and mineral and debris removal. Smukler isn't comfortable with the findings, feels the State water project going forward is unclear as to availability and cost. Smukler feels we are not valuing recycled water like we should and the cost estimates presented are very short term. There was concern expressed on the future of ocean outfall being allowed by the State and alternatives should ocean outfall be eliminated. Chivens asked staff about probability of the Prop 84 grant application. Wade presented a couple scenarios and concluded \$40,000 is the portion Morro Bay was asking for a regional reclaimed water study. Foster asked if the math on the figures presented are in the full report, it was confirmed they are.

President Enns opened Public Comment.

- Marla Jo Bruton, Morro Bay – Stated she finds this water comparison study interesting especially with Los Osos. She said we heard Los Osos is very motivated with respect to recycled water due to high nitrates in their upper aquifer and seawater intrusion in the lower aquifer. She attended a RWQCB meeting last month and saw a slide show prepared by staff that talked about nitrate contamination in water in California and more specifically on the Central Coast. They showed highly impacted nitrate contamination in municipal drinking water wells from Salinas through Santa Maria. She wasn't expecting to see Morro Bay (with \$1.5m next to it) on the list with Salinas, King City and San Girardo as the top 4 for highly impacted nitrate contamination in municipal drinking water. She is attempting to get information from the RWQCB on where their data came from. The next slide had the highest priority for the RWQCB and only 3 of the 4 previous cities were listed, Morro Bay was not on the high priority list. She was told to ask the City of Morro Bay where that \$1.5 million came from and what it was spent on. Marla Jo continued on saying she finds it incredulous that staff, at this meeting and the last, continues to tell the public that Morro Bay doesn't have a water problem. In regard to the cities that were listed as having common factors for their reuse program, Los Osos was on the list yet the community of Los Osos didn't make it on to the list of the most highly impacted nitrate contamination in drinking water well sources. Ms. Bruton has submitted nitrate studies, reports and concerns to this Board and other agencies; she asked if a single one has been read, she thought not.
- Richard Margetson –Marla Jo's statements of the RWQCB meeting were correct, Los Osos is building a project based on nitrates 1mg over the drinking water standard on average for the 26 test monitoring wells in Los Osos. Do we realistically believe the CCC is not going to put a condition on this project for a recycled component? Conditions were added to the Los Osos project including an ag reuse component, negotiations with the school district to take recycled water for the 4 schools and they are currently negotiating with the golf course to take water. What year does the State water contract come up for re-negotiation? It's not that far down the road and what will the costs be at that point? Direct injection has many requirements, has leach field recharge been addressed to recharge the groundwater basin? You have an ocean outfall, Los Osos and its new project serving 87% of their population does not have an ocean outfall. Doesn't think the CCC will let this project get by without some form of a recycle program. Margetson doesn't feel all alternatives were investigated or this survey was as far reaching as it could have been.
- Barry Branin, Morro Bay – Is looking at the numbers for the cost of recycled water and is having a hard time when you look at the Seawater Reverse Osmosis cost, which is one of the hardest things to do, yet that cost is only \$1540 per acre foot compared to the estimate of recycled water to Morro Bay is 3 times that much. He is having a hard time accepting these numbers presented and believes the CCC will not accept these either.
- Betty Winholz, Morro Bay – Will hold her comments for the basic assumptions she believes are false and send those to the CCC directly. Her real action is politically motivated in light of Morro Bay having an election this spring, and Cayucos' election in the fall, her question is how many of you have actually read this report. She believes this is one of the critical components for the CCC and you are going to receive this report tonight which means you are going to accept it. This makes her question to what degree you are representing this community and its best benefits. Are you strong enough or brave enough to admit that tonight.

Dennis Delzeit did want to address the question from Barry regarding the cost of desalination verses the recycling for Morro Bay. In all these comparisons the costs cover not only the cost for treating the water but all the infrastructure costs as well. This includes pumping the water and putting pipe in the streets to distribute the water where it needs to go. With the Seawater Reverse Osmosis you have the plant, pumping and piping already

in place with the current site and the City's potable water supply. This is the biggest difference in the costs presented, you have pump stations and pipelines associated with the recycled water that you do not have with the current potable water sources.

Noah Smukler said that they wanted to address the date the current State Water contract is up; Dylan Wade said he believed it to be 2025.

President Enns commented he had read the report and was impressed with the depth of it and the measures that were taken to prepare this report. Mr. Delzeit's presentation is just scratching the surface of the entire report. It was amazing to see all the numbers presented, the calculations of how they were arrived at the assumptions that were taken into account, quite an indepth study. Enns further clarified that they were not voting on the report, the Boards assignment was to receive the presentation of the draft study and review the report going forward.

2. SCHEDULE NEXT JOINT MEETING AND AGENDA ITEMS

The next regularly scheduled JPA meeting is on May 10, 2012 in Morro Bay.

ADJOURNMENT

President Enns adjourned the meeting at 8:08 p.m.