

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

**MINUTES**

**CAYUCOS SANITARY DISTRICT  
BOARD OF DIRECTORS:**

Robert Enns, President  
Dan Chivens, Vice-President  
Cary Maffioli, Director  
Shirley Lyon, Director  
Dan Lloyd, Director

**MEETING DATE:**

6:00 p.m., Thursday, December 11, 2014

**HOSTED BY:**

Cayucos Sanitary District

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

Jamie Irons, Mayor  
Christine Johnson, Mayor Pro Tem  
Matt Makowetski, Councilmember  
John Headding, Councilmember  
Noah Smukler, Councilmember

**MEETING PLACE:**

Cayucos Veteran's Hall  
10 Cayucos Drive, Cayucos, CA 93430

**CALL TO ORDER AND ROLL CALL**

President Enns called the meeting to order at 6:10. Roll call was taken and all Cayucos Sanitary District Board Members were present. All Morro Bay City Council members were present with the exception of Councilmember Headding who arrived at 6:12 p.m.

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

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

**COUNCIL AND BOARD ANNOUNCEMENTS**

President Enns introduced and welcomed the new Cayucos Sanitary District Board Member Cary Maffioli. Mayor Irons introduced and welcomed the two new City Council Members Matt Makowetski and John Headding.

**PUBLIC COMMENT PERIOD**

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

President Enns opened Public Comment period. Hearing none.

President Enns closed Public Comment period.

### **A. CONSENT CALENDAR**

A-1 STATUS REPORT OF THE MAJOR REPAIR AND MAINTENANCE PLAN (MMRP) FOR THE WWTP

**Recommendation: Receive and file**

A-2 AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE PROJECT NO. MB-2014-WW03. MMRP HEADWORKS IMPROVEMENTS PROJECT

**CAYUCOS MOTION:** Director Lloyd moved to approve the Consent Calendar. Chivens seconded.

VOTE: Lloyd-yes, Chivens-yes, Enns-yes, Maffioli-yes, Lyon-yes

Motion passed **5-0**

**MORRO BAY MOTION:** Mayor Pro Tem Johnson moved to approve the Consent Calendar. Headding seconded.

VOTE: Johnson-yes, Headding-yes, Irons-yes, Makowetski-yes, Smukler-yes

Motion passed **5-0**

It was reported that the minutes from the November 13, 2014 JPA meeting would be presented for approval at the January 2015 meeting.

### **C. NEW BUSINESS**

C-1 SUMMARY OF THE INFORMATION PRESENTED AND CITY COUNCIL ACTION REGARDING THE WRF AT THE DECEMBER 9, 2014 CITY COUNCIL MEETING

**Recommendation: Receive and file**

Livick announced the Morro Bay City Council adopted Resolution 77-14 accepting the site analysis findings on the Rancho Colina site vs. CMC site for the WRF, and directed staff to move forward on the next steps.

Livick introduced John Rickenbach who outlined the presentation given at the December 9, 2014 City Council Meeting. Mr. Rickenbach's brief presentation included:

- City Goals for the new WRF
- Key Updates since the November meeting
- Key Conclusions with Summary of Findings
- Cost Estimate Comparison Summary

Mr. Rickenbach turned the presentation over to Eric Casares from Carollo Engineers who reviewed the evaluation prepared by Carollo Engineers on the CMC WWTP site. Main topics of the evaluation were:

- Evaluation Methodology
- Anticipated Discharge Requirements
- Design Criteria

- Historical Data Analysis
- Biological Process Modeling

Cost estimates were done using historical information and quantities from planning level design criteria. The cost estimates were for sizing, unit costs and quantity. Casares pointed out that substantial infrastructure is required to get from Morro Bay to CMC; 8.1 miles of 24” diameter force main, a new pump station an 800 hp connected load. Casares explained the salinity of the discharge would have a significant impact on the project due to meeting TDS requirements and an 8” brine disposal force main would be required to get the brine from CMC back to the ocean outfall pipe in Morro Bay. Casares then recapped the estimated costs for a CMC WRF:

- Improvements to existing CMC WWTP of \$50,883,000
- New Conveyance Facilities & Brine Disposal of \$12,211,000
- **Total Construction Costs** (including contingency, GC overhead & profit, sales tax and cost escalation to mid-point of construction) of \$119,617,000
- **Total Project Costs** (including engineering, administration and legal costs using an industry standard 35%) \$161,484,000

Director Lloyd asked Mr. Casares if there was any advantage to low flow pumping. Mr. Casares explained their analysis of the pumping requirements to meet minimum flow all the way through peak wet weather flow.

President Enns stated he was impressed with all the work that has been done, and also with Morro Bay’s consideration in site selection. He concluded by saying the CSD Board would need time to get up to speed since they had just received the report.

President Enns opened Public Comment period.

- Bill Martoney, Morro Bay - Questioned the report; \$26m for a couple miles of piping to get water from the Morro Valley to farmers. Normal cost is \$10,000-\$20,000 per mile and the ag community usually picks up those costs, so it shouldn’t cost the City anything. \$26m is way too high, the figures need to be looked at again.
- Bob Keller, Morro Bay – Ask Cayucos Sanitary District to join Morro Bay in selecting the Rancho Colina site. He said we can have our own regional facility that will have a long term investment for our Estero Bay. Don’t delay this any longer; time is money. Morro Bay is going to build a facility regardless, and if we decide later on to join in, it will cost us more.
- Susan Heinemann, Morro Bay – Thanked Morro Bay City Council, staff, and John Rickenbach for all their work on this project to date.
- Nancy Bast, Morro Bay – Wants to see Morro Bay build the WRF facility themselves and have Cayucos be a customer, due to the agreement between them being problematic in the past. She recalled Cayucos stating that if the CMC is the selected site, they would be a customer there. She sees partnerships as problematic and wants Morro Bay to build this on their own.

President Enns closed Public Comment period.

David Buckingham wanted to clarify that as reports and updates were received by Morro Bay staff; they were also provided to Cayucos staff the same day.

Mayor Irons clarified the report sharing process as well.

Livick explained that since this was such a daunting process, many of the technical studies in the report were brought to Council (and given to CSD) prior to the completion of the full report. This allowed for digestion of the various reports and studies. Those were all compiled, and are included in the full Comparative Site Analysis.

## C-2 DISCUSSION AND DIRECTION REGARDING THE NEXT STEPS REQUIRED TO CONTINUE DEVELOPMENT OF THE WRF PROJECT FOLLOWING FINAL SITE SELECTION

**Recommendation: Council and District Board provide direction to staff for development of a new WRF, including adopting the following:**

- 1. Each agency staff to work cooperatively in the development of Request for Proposals for a Facilities Master Plan and Environmental Review at the Morro Valley - Rancho Colina site**

Livick addressed this item as being where the staff gets direction on the next steps going forward. He outlined a couple items from his report; one being the preparation of a Facilities Master Plan and initiation of environmental documents. Another would be to finish an MOU with the property owner of the Rancho Colina site, Steve Macelvaine. Livick feels an important talking point is Item #7 of his report; Staff level discussions regarding governance for the new project. He stated the current JPA Agreement doesn't anticipate a new facility at another site, some sort of agreement needs to happen to establish roles and responsibilities, cost sharing etc.

Johnson thanked Livick for his report and asked CSD Legal Counsel Carmel about the legality of going forward without addressing #7 on Livick's list regarding governance for the new WRF.

Carmel responded that it's a bit premature for governance and under the existing JPA we are able to move forward on RFP. Until a final site is selected and we contract for something, we can proceed on a case by case basis.

Livick clarified he wasn't intending to have the entire agreement rewritten at this time, just an MOU for this portion of the work.

There was discussion amongst the Council, Board and staff on legality of moving forward with the RFP under the current agreement. Clarification was made that the respective bodies would, or could, act independently during the RFP creation process, each body would be responsible for their own staff costs. It was understood that an MOU would need to be written once the RFP's are in hand for the Facilities Master Plan and the Environmental Review studies to determine cost sharing, and each agencies roles and responsibilities. The JPA will give staff direction on the RFP respondent process, and who will be involved in selection and interview.

Lloyd inquired of Livick and Rickenbach about the depth of the environmental studies that might be required and if that coincided with who might be the lead agency. It was stated that it's too soon to know the exact depth, but it's anticipated to be an extensive study that would involve CEQA, NEPA or both. As far as the lead agency, Rickenbach stated that would be up to the City Council and Board to determine one or the other as lead, or formalize an authority identified as MBCSD JPA. It was also opined by Rickenbach that getting an environmental consultant on board, sooner than later, would be beneficial and assist in moving into the CEQA phase

President Enns commented that the Rancho Colina site is in unincorporated area of the County, not within the city limits of Morro Bay. He asked 2<sup>nd</sup> District County Supervisor Gibson to provide some input on the County involvement in this.

Supervisor Gibson clarified he takes no formal stand on this, he's here to facilitate our decision. Supervisor Gibson offered his general observations:

- Given the size of the project, its fundamental that the City of Morro Bay and the Cayucos Sanitary District work together closely on this
- Focus on the project we need to develop and what it's going to take to solve the problem. This focus will help manage not only the cost of the project, but allow the ability to effectively communicate to our constituents; what we are doing,.
- Public Relations - Communication of our approach, costs, progress and accomplishments to the ratepayers. Keep the public informed every step of the way.
- Timeliness is very important. Map out the entirety of the steps, know the timeframe and be able to communicate this clearly to not only the ratepayers, but the many agencies involved.

President Enns opened Public Comment period.

- Bill Martoney, Morro Bay – Asked for clarification of the increase to the monthly sewer bill. He stated the current sewer bill is around \$44-\$45/mo. It was stated that the monthly bill would increase \$1/mo per \$1 million in costs. Will this additional cost and the original cost both continue once the new plant is operational, or will the old cost go away since the old plant is no longer in use.

Livick briefly addressed the monthly bill cost and clarified that the \$1/mo per \$1 million in cost to build, was an estimate. Any cost, whatever it works out to, will add to the existing amount. This is needed to pay for maintenance of the collection system, plant O&M, to build capital reserves and debt coverage ratios for any new facilities.

- Bob Keller, Morro Bay – Assumed that the CSD is trying to delay this project. We have to make a decision and move forward, not delay like Los Osos. We have a site that makes sense, stop procrastinating and commit, the more time we waste the more money it's going to cost.

President Enns closed Public Comment period.

President Enns stated that for Cayucos, the calculated estimate to build a new plant was \$2.50/mo per \$1 million, and we have one third the population of Morro Bay. He added that we are doing our best to move forward, and tonight is an example of that. We are looking forward to working with Morro Bay on this process.

Mayor Irons reiterated his view on the rate costs. As this project goes forward the costs will get nailed down and broken out as to what those costs relate to.

## **2. Reaffirming that the previous direction state at the November 13, 2014 JPA meeting is still desired**

Livick pointed out the seven (7) items listed in his staff report and the status of where they are at:

- 1) Set up tour of CMC Facility – Done

- 2) Discussion of community goals for the new WRF – Done on the Morro Bay side
- 3) California Coastal Commission (CCC) update and concerns on siting – Letter received from CCC
- 4) Status of MOU between City and Rancho Colina property owner – Preliminary discussions have taken place
- 5) Native American coordination and outreach – No progress to date on setting up a meeting
- 6) Discussion of the possible framework for cooperation in a regional CMC WWTP – Nunley memorandum of conversations that have taken place is included as an Appendix to the Carollo Capacity Evaluation.
- 7) Discussion regarding governance for the new project – Nothing done yet. An MOU should be developed during the RFP process and prior to consultants coming on board; to address the issues of cost sharing, roles and responsibilities.

City Manager Buckingham confirmed that Item 2 is to reaffirm the commitment to work together as previously directed, and the seven items outlined in Livick's report were part of that direction. Buckingham pointed out that the seventh item regarding governance is the most crucial. He hopes to see this item on an agenda in the near future, as an informational presentation on the layout of the Facilities Master Plan process and subsequent steps. Secondly, he would like to see the initial framework on how the Council and Board will work together on the goals set forth.

Enns asked if the CSD is expected to participate in the MOU process with Rancho Colina owner Macelvaine.

Livick stated the City has already begun the process and will share the information as it moves towards an actual MOU.

Lloyd said it was imperative that we get this hammered out with Macelvaine and suggested even going into escrow with contingencies identified in case of fatal flaws. He feels we shouldn't go too far into the FMP or environmental studies without the arrangement tied up with Macelvaine. Lloyd echoed the statements of Enns regarding CSD's commitment to work with Morro Bay on the process, and Irons as far as developing a cost framework for the respective communities. Lloyd feels that keeping the public abreast of the costs and development of the facility are equally important; this speaks to transparency, and helps alleviate surprises down the road.

President Enns opened Public Comment period. Hearing none.

President Enns closed Public Comment period.

Smukler gave his thoughts on what the focus should be for the next steps including the governance framework, FMP update, shared entity project goals, draft work schedule and communication with Macelvaine.

Johnson asked for clarification on a couple items and inquired on the size of the new WRF in comparison to the existing plant. Livick explained it would depend on the type of plant i.e. oxidation ditch vs membrane filtration and the FMP will point the direction needed for the most cost effective way to produce the end product water.

Buckingham wanted to clarify that no decision is being made on site at this time, just a preference. It would be premature to make a decision prior the environmental studies. It was possible to structure a long term

escrow on the Rancho Colina site, but would be set up in such a way to allow us to walk away should the site not meet the required criteria.

Livick reminded the Council and public that Morro Bay has a sewer and water rate study underway.

Headding asked for clarification on the current agenda item in discussion and the scope of work that can be done under the existing JPA. There was brief discussion on the seven (7) items outlined in Livick's report. It was suggested that the new council members be educated on the JPA existing agreement outside of this meeting.

Livick explained that the current agreement addresses the O&M of the existing plant at its existing location, doesn't address a new plant at a new location. This is where an MOU would come in to play, until a new agreement is adopted, an MOU would set cost ratios, roles and responsibilities for the City and CSD.

Macelvaine pointed out that he was (is) a willing participant in this project and that his property is available for any tests, environmental studies and samplings etc. that need to be done.

**MORRO BAY MOTION:** Mayor Irons moved to approve staff recommendation for Item C-2 Item #1 where each agency and staff to are work cooperatively in the development of Request for Proposals for a Facilities Master Plan and Environmental Review at the Morro Valley – Rancho Colina site. In addition, Item #2; moving forward with the list of items discussed by Buckingham and Livick (staff report agenda item C-2) such as EIR, MOU, joint funding, joint goals etc. is still desired. Seconded by Johnson.

VOTE: Irons-yes, Johnson-yes, Smukler-yes, Headding-yes, Makowetski-yes

Motion passed **5-0**

**CAYUCOS MOTION:** Director Lloyd moved to approve staff recommendation for Item C-2 Item #1 where each agency and staff are to work cooperatively in the development of Request for Proposals for a Facilities Master Plan and Environmental Review at the Morro Valley – Rancho Colina site. In addition, Item #2; moving forward with the list of items discussed by Buckingham and Livick (staff report agenda item C-2) such as EIR, MOU, joint funding, joint goals etc. is still desired. Seconded by Maffioli.

VOTE: Lloyd-yes, Maffioli-yes, Enns-yes, Chivens-yes, Lyon-yes

Motion passed **5-0**

### C-3 SCHEDULE NEXT JOINT MEETING AND FUTURE AGENDA ITEMS

The next JPA meeting is scheduled for January 8, 2015 and will be hosted by The City of Morro Bay.

### ADJOURNMENT

President Enns adjourned the meeting at 8:07 pm.

Minutes Recorded by:

Anita Rebich, Cayucos Sanitary District