



AGENDA NO: C-1

MEETING DATE: July 11, 2017

**THE FOLLOWING PUBLIC CORRESPONDENCE
WAS RECEIVED BY THE CITY COUNCIL
FOLLOWING POSTING OF THE AGENDA**

Lori Kudzma

From: [REDACTED]
Sent: Friday, July 07, 2017 12:13 PM
To: Council
Subject: Water bill 218

Follow Up Flag: Follow up
Flag Status: Flagged

I'm a single mom and can barely afford Easter and rent now. Please vote no on 218

Johnna Doot

[REDACTED]
Morro Bay

Sent from my HTC on T-Mobile 4G LTE

Lori Kudzma

From: Jeffery Heller
Sent: Friday, July 07, 2017 4:15 PM
To: Council
Cc: Lori Kudzma; Joseph W. Pannone
Subject: Correspondence re: Item C-1 on the 7/11/17 MBCC Agenda

Follow Up Flag: Follow up
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Dana or Lori,

Please include this correspondence in the meeting minutes re: Item C-1.

It appears the City has spent \$3.4M over the past 2-3 years for various reports and studies. The budget approved by the City Council for Fiscal Year 17/18 (starting 7/1/17) is an additional \$4.3M dollars, about half of which for "program management" and half is for "design" work. I believe the design they are referring to is for the lift station and piping from the existing plant out to the South Bay Blvd. site. Bottom line--the total amount "appropriated" to the WRF project (just over the past few years through the end of 6/30/18) is now \$7.7M---and we have no confirmed site, no design completed (except reports), and no sewer plant built.

This is why I am asking for a freeze in all spending and a full accounting of the WRF project for the past 10 years. We need to know what has been spent to date.

Also--we need to know how much is left in the "Sewer Accumulation Fund", the "Sewer Operating Fund", the "Water Accumulation Fund", and the "Water Operating Fund" (if there is one).

We also want a report that shows exactly what has been spent of the \$6.5M of water system capital improvements, as well as the \$7.6M of sewer system improvements -- and what the improvements were for.

By the way---many of us believe a new sewer plant that will produce recycled water suitable for irrigating crops, can be built on the existing site (Hanson property) for \$50M or less. This means going back to the Coastal Commission as well as modifying our existing Local Coastal Plan---but all of these actions can succeed with the proper leadership. IN MY OPINION---we cannot afford to move the plant to the east side of Highway 41. If the Coastal commission will not give us a permit to build a plant we can afford---we should continue to upgrade the existing plant only as needed to produce water quality that is required by State and Federal law. In spite of the City's lofty goals---I BELIEVE WE ARE UNDER NO OBLIGATION TO BUILD A NEW PLANT IF WE CAN SATISFY THE WATER QUALITY REQUIREMENTS OF THE WATER BOARD. I believe we are currently doing that 360 days a year. Our fines for non compliance over the past 10 years have been less than \$9,000 in total.

The "other direction" (C-1-4) I recommend is:

1. Put the project on hold for a full 90 days (through 8/30/17)

2. Freeze all spending.

3. Provide summary level report for all sewer project expenditures from Fiscal Year 07/08 through Fiscal Year 16/17. Provide cost basis for WRF Project Budget of \$4.3M for FY17/18

4. Provide current balance of Sewer Accumulation Fund and Water Accumulation Fund. Provide balance of \$10.13M State Revenue Fund planning Loan. Provide current balances of related Sewer and Water operating funds (Bottom line - how much of the \$75M approved for a new sewer plant remains?)

5. From the 5/26/15 "Public Hearing on Proposed Water and Sewer Rate Increases", provide detailed expenditures and funding sources for:

- a. \$6.5M in high priority water system capital improvements.
- b. \$7.6M in high priority sewer system capital improvements.

6. We recommend the chair person of the WRFCAC be rotated to Paul Donnelly. The current chair has an inherent conflict of interest in that he is a current full time employee in the Public Works Department of the County of San Luis Obispo. In addition---he routinely pushes his own agenda regardless of what the other citizen members of the committee say, and is consistently condescending and abrupt.

His ongoing refrain of "we need to move this project forward or it is going to cost a lot more in the future" is completely inaccurate. We believe the project budget (that was miraculously reduced in 1 day from \$124M to \$100M)---is still about 100% above the actual cost of building a new sewer at or near the existing plant. If we are correct, the 90 day pause we are asking for will **save the residents of Morro Bay millions of dollars!**

A \$100M plant financed at 3% for 30 years will cost a total of \$182.5M including financing.

A \$50M plant financed at 3% for 30 years will cost a total of \$76M including financing. Don't you think the City Council should put the project on a 90 day hold, direct staff to go back to the Coastal Commission, and modify the LCP in order to **save the residents nearly \$107M?**

I am not an attorney, but the party line of "let's build it now because it will only be more expensive in the future" certainly sounds fraudulent to me.

Our consultants are not helping us either. They throw around the word "million" like it is nothing. So far---the only millions involved in this project---have been paid to consultants. We have no approved site, and no construction has started. They are not being proactive and moving the project forward---but rather passively waiting for the next "direction from council". We have enough data to build a new plant. MKN and JFR should be put on hold until the informed citizens of the city have met independently with the Coastal Commission and the Water Quality Control Board.

It's time to make a change. Let the informed citizens take over. Confirm a site---then put the project out to bid. Ultimately---sewer contractors will determine the cost of the project, not engineering consultants. Enough is enough.

Regards

Jeff Heller

Lori Kudzma

From: Robert Settje [REDACTED]
Sent: Saturday, July 08, 2017 3:40 PM
To: Council; citizensforaffordableliving@gmail.com
Subject: WRFCAC meeting 7/5

Follow Up Flag: Follow up
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Attended the meeting 7/5 and would like to make some comments and recommendations. The South Bay site should be eliminated because it costs too much. We have a wastewater treatment plant and it should be updated if required after losing 20% of the flow from Cayucos. Not sure who wants to move it or why but I am sure there are political reasons as there always are when something like this is done. The WRFCAC in making a recommendation to the council go to the coastal commission and advise them that we do not want to move the plant. That ought to work out well as the group that wants to make the move gets to contact the coastal commission to see if we can change our mind. I believe the WRFCAC is useless because because the leader did everything within his power to stop even making a recommendation. The only reason I heard for moving the plant was the rising ocean. I thought they were joking as no one is projecting that much of a rise in our life times. We need to get our local state house and senate members involved with the coastal commission if there is any problem not moving the plant. As to the \$40,000,000 for clean water forget it and check the internet for the future of desalination. The major cost of desalination is energy and that gets solved by solar energy being as low cost as power plant energy. If Cayucos can build a new plant for \$25,000,000 and reading their web site it appears that is a good number why would Morro Bay even consider \$167,000,000. Suggest you put a note in the monthly water bills that the new plan is for \$240 monthly bills and see how that is received.

Lori Kudzma

From: Susan Stewart [REDACTED]
Sent: Monday, July 10, 2017 9:17 AM
To: Council
Subject: water and sewer rates

As a resident and business owner I am very concerned about the potential for extreme increases in our water and sewer rates. These are bills I will be paying twice--at home and at my business. It sounds like we have better options. This is one time that the report from a consultant actually might pay off--if you actually use it. PLEASE be aggressive with saving our dollars rather than spending them!

Susan Stewart
Resident of Morro Bay and business owner at 333 Morro Bay Blvd.

Lori Kudzma

From: Karen Beckman [REDACTED]
Sent: Monday, July 10, 2017 9:45 AM
To: Council
Subject: WRF

Dear Mayor and Council Members,

Returning home after several weeks away, we were gratified to read that an independent peer review panel had been appointed and that their report will be presented during tomorrow's City Council meeting. Thank you. We look forward to the discussion.

Karen and Bart Beckman

Sent from my iPad

Lori Kudzma

From: Rob Kitzman [REDACTED]
Sent: Monday, July 10, 2017 10:02 AM
To: Council
Subject: sewer treatment costs

Dear Council,

As owner of Culligan Water here in Morro Bay, I am one of the larger rate payers of water and sewer. It is my strong position that the entire city council has an obligation to all rate payers to bring the proposed sewer treatment cost WAY down. In current form it will break businesses, homeowners and renters - which will bring economic activity to a screeching halt.

The most reliable way to do this is move the proposed location at or next door to the existing facility on Atascadero Rd. Clearly, all the attempts at other locations have shown to be economically unfeasible. I trust that you, our elected representatives, will act in accordance with what is best for our community, not chase a pipe dream.

Sincerely,
Rob Kitzman

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Rob Kitzman
Kitzman's Culligan
355 Quintana Place
Morro Bay, CA 93442
805.772.8164 Reception
[REDACTED]

Lori Kudzma

From: Bayfront Inn [REDACTED]
Sent: Monday, July 10, 2017 1:13 PM
To: Council
Subject: SEWER RELOCATION

As a resident and hotel owners, we oppose the relocation of the sewer plant.

Our personal lives will be financial burdened.

Our hotel business cannot absorb the increases in water and sewer costs. Passing these increases in water and sewer costs will push our rates over what the market here will be able to absorb. Don't forget, the hotels are the only business in Morro Bay that pays 3% higher taxes than any other business including other over night stay options.

Rebuild the sewer plant where it is currently and drop the reclamation part of this project to minimize the escalating increase of our sewer and water bills.

Respectfully submitted,

Jayne and Peter Behman

owners: Bayfront Inn in Morro Bay

residents : [REDACTED] Morro Bay

Dana Swanson

From: Rob Kitzman [REDACTED]
Sent: Monday, July 10, 2017 1:40 PM
To: Council
Subject: sewer cost increases impacts business

Dear City Council Members,

Here is some context of how the currently planned rate increases affects our Culligan Water business. If the rates increase beyond what is now planned, obviously that will have an even greater negative impact.

Our current average monthly water and sewer costs for the 2017 calendar year are \$1400/month for sewer, \$2000/month for water - over \$40,000 per year. With an increase ultimately 80% on both sewer and water over 4 years, that creates a \$2720/month (over \$32,000 per year) raise on top of what I pay now!

\$2700/month impact on this local business - which employs twelve full time people and one part time:

1. Equivalent wages of \$16/hour or one entry level full time employee. That either one less employee I can hire or one that I lay off. Or a full time position goes to part time. These are employees that live, shop and spend here in Morro Bay.
2. It will take over 150 new accounts to make up the lost profit in that water/sewer increase. That process takes 1-3 years at current rates.
3. Since all other average homes and businesses will be saddled with \$200+/month increases, the possibility of our business growth at previous rates will be greatly reduced.
4. Raise rates to cover increase? Easy to say, hard to do as a private business where consumers can go elsewhere. Local competitors have an advantage in real estate costs, wages, water and sewer rates compared to Morro Bay. In addition, other cities in the county have more favorable business climates compared to Morro Bay. Water and sewer rates are not the only governmental impacts on businesses.

I hope this gives some helpful detail on how unnecessarily increasing water and sewer rates is very harmful to our business and our entire economy.

Sincerely,
Rob Kitzman

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Rob Kitzman
Kitzman's Culligan
355 Quintana Place
Morro Bay, CA 93442
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[REDACTED]
[REDACTED]

Dana Swanson

From: John S. [REDACTED]
Sent: Monday, July 10, 2017 2:09 PM
To: Council
Subject: New business C-1 07/11/2017

Dear Morro Bay Council members

Effective on our next bill-effective July 1, 2017 our water bill will go up 5-6% and our sewer bill will go up 13.8%.

Not only that, there will be similar increases July 2018 and 2019.

THESE HAVE BEEN APPROVED IN PRIOR YEARS.

These increases do not take into account increase we will get if the council decides to build the Taj Ma Hall of sewer plants. This could cost another 38.1% rate increase on top of the approved sewer rates. (If they decide to relocate to South Bay Blv or anywhere else).

THANK YOU FOR DECIDING AGAINST THIS, HOPEFULLY.

So if I take my 456 Embarcadero Inn bill I just got and my occupancy stays the same in 2020 my \$2765.20 bill will be or would of been \$4732.30 in 2020 in the same month. That would of been a 72% combined water and sewer rate effect.

We need to rebuilding the sewer plant where it is currently, and drop the reclamation part of this project to minimize the escalating increase of our sewer and water bills at this time. I know we will pass this on to our customers but how much more hotel/motel rates can we push to cover this cost.

Most importantly, where will the affordable visitor serving aspect be?

Also, please note, this will also be the rule of thumb, in passing on the cost in restaurants, bars and retailers **As a resident I will pay more, and pay again to eat at a restaurant or shop at Albertson, locally.**

Thank you

John Solu resident of Morro Bay
456embarcaderoinn.com

Dana Swanson

From: Anderson Inn <info@andersoninnmorrobay.com>
Sent: Monday, July 10, 2017 2:45 PM
To: Council
Subject: sewer plant expenses

Mayor Irons and City Council Members,

I believe that Mayor Irons thought it was true when he told the Coastal Commission that moving the waste water treatment plant would cost 12 to 20 million at the most. At this time the costs seem prohibitive to follow that plan. I believe that measures can be taken to make the current plant site safe from flooding from either a land or ocean originated disaster. In addition the rate payers will not have to bear the cost of pumping sewage up hill. Please realize that most of our visitors and residents are of modest means.

Thank you in advance for keeping the costs as low as possible.

Rodger Anderson

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To: Morro Bay City Council

C/O: Rob Livick RLivick@morro-bay.ca.us

Dt: July 10, 2017

Re: *Agenda item C-1: Review of this Report of the Public Works Cost Review Workshop for the Water Reclamation Facility Project and Provide Comments and Direction as Deemed Appropriate*

Honorable Mayor and Councilmembers,

The Surfrider Foundation is dedicated to the protection and enjoyment of our ocean, waves, and beaches. We are aware that many citizens in Morro Bay also value these protections, as was evident by the city's support of the Managed Retreat solution and the eventual decision to place the new Water Reclamation Facility (WRF) at the South Bay Boulevard (SBB) site. Surfrider strongly supports relocation of Morro Bay's Wastewater Treatment Facility, and we argue the best way forward is not to move backward.

In the staff report for this item, we support the council to "b. Refine the community's goals, and direct staff to modify the project accordingly at the SBB site". The strengths of the SBB site include its location closer to water reclamation distribution opportunities, its location outside the tsunami run-up zone, and its location outside the 100 year flood plain. All of these factors have been critically analyzed by qualified and certified professionals who were hired by Morro Bay to provide their expertise. The California Coastal Commission, an agency with immense knowledge of risks to our coastal resources, also has expressed its support for the plant's relocation. If the council decides to move backward, it will be asking the Coastal Commission to throw away hundreds of hours of staff time from their 2013 decision which DENIED the Morro Bay WWTP a Coastal Development Permit for the existing location.

The chapter acknowledges the Peer Review Panel's expertise and applauds their efforts. However, as the staff report states: "The Peer Review Panel did not review the City's Local Coastal Plan, the Coastal Act, or the staff report with the 2013 permit denial of the Coastal Development Permit for the previous WWTP Upgrade Project". These are all criteria which are essential to put the project in the context of the Coastal Commission's review, so it seems the Panel's recommendation to develop a new plant at the existing WWTP site is not well considered or fully informed.

The chapter also acknowledges the assessment of the WRFCAC in their motion to "Recommend City Council direct staff to take up to two months to talk with California Coastal Commission and Regional Water Quality Control Board about the feasibility of a project at or near the existing WWTP site". Certainly, if the council agreed with the WRFCAC recommendation, the preliminary site plan for development of the existing site would include thorough and informed public engagement. This has been the council's standard for this project, thus far. However, detailed public comment has not been

taken regarding stakeholder expectations for new development at the existing site. That alone could take 2 months, which would be followed by the consultant's cost assessment (more time, more money). Also, Coastal Commission staff does not determine Commission direction or policy. Commission staff is not likely to commit to any project reversals until all the project details are thoroughly studied, reviewed, and documented. These delays will add to the cost of the project (as other delays already have) and delay implementation of a project at South Bay Boulevard. SBB is a project which has already received public comment, has been thoroughly studied, is closer to implementation, and will benefit Morro Bay for years to come.

As stated, the best way forward is not to move backward!

Thank you for your consideration,

Brad Snook

Chair, Surfrider Foundation San Luis Obispo

E-mail: chair@slo.surfrider.org