

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

**CAYUCOS SANITARY DISTRICT
BOARD OF DIRECTORS:**

Robert Enns, President
R.H. Bud McHale, Vice-President
Harold Fones, Director
Michael Foster, Director
Shirley Lyon, Director

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

Janice Peters, Mayor
Betty Winholtz, Vice-Mayor
Noah Smukler, Councilmember
Carla Borchard, Councilmember
Rick Grantham, Councilmember

MINUTES

MEETING DATE:

5:00 p.m., Thursday, November 5, 2009

HOSTED BY:

City of Morro Bay

MEETING PLACE:

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

CALL TO ORDER AND ROLL CALL

Mayor Peters called the meeting to order at 6:00 p.m. and asked that the record show all Council members present.

Mr. Enns asked that the record show Michael Foster and Harold Fones absent, noting that Bud McHale will arrive a bit late, but will enable a quorum. It was agreed the reports and public comment could proceed in his absence.

PUBLIC COMMENT PERIOD

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

Mayor Peters opened Public Comment.

John Birch, Traditional Lead for the Salinan Tribe. Stated this is an extraordinary Native American burial area. Ms. Winholtz asked for clarification of the area in question. Mr. Birch confirmed approximately 1/8th of a mile around Lila Kaiser Park. Noted the burial areas are large. Mr. Smukler asked if he was intending to submit comments. He indicated his statement at the meeting represented his comments. He has had discussions with the Archaeologist who indicated there was difficulty obtaining information. He stated that the information resource appears to be approximately 5 years behind. There have been a number of studies completed in the area. He shared his knowledge of previous projects with the Archaeologist.

Bill Martoney – Spoke in support of Mr. Birch's comments saying that when PG&E was built, massive amounts of cultural resources were identified and well documented. Spoke in support of recycling water using Cambria as an example which utilizes a closed cycle system. Stated the valley is very short on water with some growers trucking water in. Expressed concerns regarding the proposed treatment plant location, stating there are other locations which are less tourist oriented which could be utilized. It was his understanding that the proposed location impacts the current WestPac redevelopment proposal which incorporates the site.

Gary Pierce, Traditional Lead, Salinan Tribe – Stated that the area along the creek is a huge cemetery. He expressed concerns regarding utilizing an out of the area archaeologist with no local knowledge.

Robert Stahler, Management Partner of Morro Creek Ranch, representing multiple growers in the Morro Creek Valley with over 30,000 avocado trees planted – Noted these trees provide carbon sequestration and oxygen. Spoke in support of water reclamation. Stated that adequate evaluation of whether there is a better or higher use than the current proposal of discharging to the ocean should be incorporated into the Environmental Impact Report and Coastal Commission review.

Doug Claasen, Manager/Owner, Morro Dunes – Primary concern continues to be if and how much property will be required for the proposed upgrade. Expressed concerns regarding the odor impacts related to the composting process.

Mayor Peters closed Public Comment. She encouraged submittal of formal comments and suggestions. Mr. Smukler asked for a recommendation regarding when comments should be submitted for inclusion in the EIR. Mr. Ambo clarified that this is the second Notice of Preparation (NOP) and that the purpose of the current review is related to scoping. The second Notice of Preparation was not a result of significant changes to the project description and related only to the relocation of the project slightly southward. He indicated that comments can be submitted at this time relative to the desired analysis, with a subsequent opportunity to comment on the analysis findings when the EIR document is circulated to address any comments or shortcomings. That will also be well noticed.

Discussion ensued regarding the cost of the reclamation system, noting that the current project is pre-plumbed for future potential.

Mr. Grantham addressed the potential for a cost share with the farmers for reclamation facilities and processing. Mr. Smukler indicated that the farmers are very interested in having those discussions. Expressed concerns with the Coastal Commission response should the alternative options not be analyzed. Mr. Grantham suggested legal counsel be asked to review the legalities. Mr. Smukler stated staff has assured them that evaluation of other alternatives will be included in the analysis, including the site location.

In response to a request to comment, Mayor Peters re-opened Public Comment.

Mr. Stahler shared that he recently met with the Tax Assessor in regard to value that is imparted to a ranch as a result of the Williams Act and/or land conservancy. The general discussion specific to irrigated land kept in production versus range land left fallow, noted a significant increase in tax revenues for parcels in production.

Seeing no further comments, Mayor Peters closed the Public Comment.

Mr. Enns announced a quorum upon the arrival of Mr. McHale.

Mayor Peters stated that Items B-2 and B-3 had been pulled. The documents are in process, but cannot be reviewed at this time.

Mr. Grantham gave a brief report on the Technical Advisory Committee meeting. There was no public comment. The Status Report on the Design Process for the WWTP Upgrade Process was discussed. It is anticipated that a recommendation for award may occur by mid-January and that the entire process would take approximately one year.

A discussion also occurred regarding appraisal of the jointly owned properties, and who might be contracted. Reeder was the recommended proposal. The potential to hire a Project Manager for the project was evaluated. Current staffing resources and expertise are limited. Possible term limits were reviewed at anywhere from one to four years, and whether the position would be full or part time. The general consensus was that the project would benefit from the additional oversight and support for additional evaluation. Mayor Peters indicate the item will be placed on a future agenda.

A. CONSENT CALENDAR

1. Minutes of September 8, 2009 JPA Meeting – Recommend approve.
2. Wastewater Treatment Plant (WWTP) Operations Report through September, 2009 – Recommend receive and file

3. Status Report on the Design Process for the WWTP Upgrade Process – Recommend receive and file
4. Status Report on the Environmental Review Process for the WWTP Upgrade Process – Recommend receive and file
5. Discussion of Potential Funding Strategies for a State Revolving Fund Loan for the WWTP Upgrade Project

Mr. Smukler requested that Agenda Items A-3 and A-4 be pulled for discussion. Mr. Enns requested a brief report on these items.

MOTION: Winholtz, Grantham 2nd to approve Agenda Items A-1, A-2, and A-5. VOTE: 5-0

MOTION: Mchale, Lyons 2nd, to approve Agenda Items A-1, A-2, and A-3. VOTE: 3-0

Motion passes.

A-3. Status Report on the Design Process for the WWTP Upgrade Process

Mr. Keogh reported that a “Request for Proposal for Design Services” was issued on October 1, 2009. Five proposals were received from well respected engineering firms. Those proposals will be distributed to various City and District staff members for review in the hope of bringing back a recommendation for an Award of Contract for Design Services in late to mid-January.

Mr. Smukler asked if the Board will receive the full list of proposers. Mr. Keogh responded that the list of proposers may be provided, but the proposal document will not be distributed to the Council or District Board. An internal review will occur and a recommendation will be made based upon that review.

Mr. Enns asked for confirmation that the project will be able to remain ahead of schedule. Mr. Keogh responded affirmatively, stating that the scheduled actually calls for the award of contract by the end of September 2010.

MOTION: Peters, Borchard 2nd, to approve Agenda Item A-3. VOTE: 5-0

MOTION: McHale, Lyons 2nd to approve Agenda Item A-3. VOTE: 3-0

Motion passes.

A-4. Status Report on the Environmental Review Process for the WWTP Upgrade Process

Mr. Keogh reported that based upon the action taken at the September 8th meeting, which gave approval for relocation of the project slightly southward, the environmental consultant and the City released a Revised Notice of Preparation. This is a public review document which helps to shape the analysis to be completed in the EIR. The comments are due by November 11, 2009. The revised NOP is available on the City’s website. Following the receipt of comments, responses will be drafted. It anticipated that within 4-5 months, the draft document will be released. By expediting the design process, a design team should be on board to assist with structuring the environmental document.

Ms. Winholtz inquired if the verbal comments made this evening would be incorporated into the NOP. Mr. Ambo confirmed that they are a part of the public record and would be addressed, noting that the archaeological resource analysis is already incorporated.

MOTION: Borchard, Winholtz 2nd to approve Agenda Item A-4. VOTE: 5-0

MOTION: McHale, Lyons 2nd to approve Agenda Item A-4. VOTE: 3-0

Motion passes.

B. OLD BUSINESS

1. Approval of Proposal for Real Property Appraisals: WWTP Related Property with Consideration to Approve Real Property Appraisal Proposal, and Authorization for Staff to Negotiate and Enter into an Agreement for Real Property Appraisal Services – Recommend approve

Mr. Schultz reported that proposals were requested from six real estate appraisers in the area that had worked for the City or the District. The scope was identified as five parcels that are either jointly owned, or owned by the City. Four proposals were received and were reviewed by the Technical Advisory Committee (TAC). All proposers were well qualified. The TAC recommended the negotiation of a contract with lowest bidder, the Reeder firm. The TAC also recommended the scope include only the three parcels known to be impacted (the parcel on which Waste Water Treatment Plan is located, the City Yard, and the jointly owned cement plant). There is no reason at this time to complete appraisals on the other two parcels. A "Not to Exceed" amount of \$10,000 was proposed.

Ms. Winholtz requested verification of the parcels on the map which occurred and inquired as to the objective of appraising the cement plant. Mr. Schultz clarified that it was the intent that if the plant does incorporate into the City Yard which is already owned, a lot line adjustments or evaluation of properties would occur. He indicated it is the City staff's goal that jointly owned property be limited to that utilized by the waste water treatment plant. The appraisal will establish values and allow for sale or purchase.

Mr. Smukler asked if the scope of the appraisal could in addition to evaluating use as a waste water treatment plant, evaluate the value of the highest use, commercial visitor serving. Mr. Schultz indicated that could be evaluated, based upon the Appraiser's recommendation. Mr. Smukler asked that the impact to adjacent land values also be evaluated. Mr. Schultz indicated that the scope needs be apples to apples on all properties to allow for appropriate square footage values. Ms. Winholtz noted that this analysis was not in the scope of work that was put out. Mr. Schultz indicated this type of analysis might be an different type of report. This appraisal is simply to establish value, not incomes based on various uses.

Mr. Grantham indicated a desire to see all five parcels appraised, supported by Ms. Winholtz, who stated there may some cost savings in completing all of the analysis at one time. Mr. Ambo clarified that the area directly south of the plant is zoned Industrial and the area to the west is Visitor Serving, which are the uses which would be evaluated. Speculation of alternate uses would require a Local Coastal Plan amendment, a major undertaking.

Mr. Enns noted that if Mr. Smukler wishes to discuss changes to land uses, etc., those topics belong on the City Council agenda. He concurred with negotiation of a contract with the Reeder firm and the appraisal of all five parcels.

MOTION: Lyons, McHale 2nd to authorize the District and City Staff to negotiate a Scope of Work, not to exceed \$10,000 with Reeder, Gilman, and Million, and authorize the City Manager to execute the contract, to include all five parcels as outlined in the report by APN number. VOTE: 3-0

Ms. Winholtz asked if discussion occurred as to why the bid was so low. Ms. Lyons responded that the bid amounts varied widely, and that both the District and the City had used the firm before with good outcomes.

MOTION: Grantham, Borchard 2nd in concurrence with the District motion. VOTE: 5-0

Motion passes.

C. NEW BUSINESS

1. Schedule Next Joint Meeting and Agenda Items

The next meeting will be held on Thursday, January 28, 2009, at 6:00 p.m., hosted by the Cayucos Sanitary District

Mr. Smukler addressed the composting facility, expressing a desire to complete a range of tests, that would help identify the composition of the biosolids, and to consider some comparative analysis between our product and commercially

available products. The request was related to recent media discussions. Mr. Keogh was not certain what the benefit would be. The plant currently tests for over 150 constituents and the compost is well under the limits established in the guidelines. Mr. Keogh indicated some base costs for such an analysis could be established. Mr. Grantham stated that he is more interested in seeing the result of the pharmaceutical water quality testing at this juncture. Mr. Smukler clarified that it was more of a suggestion to Staff to evaluate the benefit. It was determined that Mr. Smukler would continue his evaluation and return to the City Council in the future.

ADJOURNMENT

The meeting was adjourned at 7:10 p.m.

A handwritten signature in blue ink that reads "CC Rogers". The signature is written in a cursive, flowing style.

Minutes recorded by: _____

Christine Rogers