

Morro Bay's Wastewater and Water Opportunities

Joint Community Workshop

June 23, 2018



Key objectives for today's workshop



- Provide factual information about the project
- Answer key questions raised by the community
- Provide opportunities for public input and comment
- Engage attendees regarding form of future utility rates

Today's agenda



1:30-1:50 p.m. Learn from technical experts at information stations

1:50-2:00 p.m. Receive update on project status

2:00-2:45 p.m. Get answers to key questions

1. Why do we need a new plant in a new location?
2. What's being done to get the best value?
3. What are plans to improve the current collection system?

Public comment on the above topics and staff replies at conclusion

[Break]

3:00-4:10 p.m. Review key alternatives for future water/sewer rates (Bartle Wells rate consultant presentation and Blue Ribbon Commission report)

Public comment on this topic and staff replies, as appropriate

Input from attendees on preferences for structure of future rates

4:10-4:30 p.m. Address additional questions (submit on cards), answers, and comments

4:30 Adjourn with informal discussions and Q&A at information stations

How can you participate?

- Listen and learn about key aspects of the project at information stations
- Provide written questions and comments on workshop topics at the information stations
- Submit written questions for additional issues [use index cards]
- Submit speaker cards if you wish to speak (please identify specific topic)
- Participate in opportunity to express your preferences for future utility rates (dot exercise)
- Sign-up for project information updates [email sign up sheet]
- Submit additional comments ecasares@morrobayca.gov

Guidelines for Civility and Civil Discourse

- **Listen first**, making an honest effort to understand others
- **Respect different opinions**, allowing space to express, oppose and clarify
- **Show courtesy** by treating all in professional and courteous manner
- **Avoid rhetoric intended to humiliate, malign, or question the motivation** of others
- **Speak truthfully** without accusation, and avoid distortion
- **Debate the policy not the person**, focusing on the issue
- **Pledge commitment against violence and incivility** in all their forms
- **Aim for the betterment of the City of Morro Bay and its people**

(from City-adopted Guidelines Resolution No. 27-18)

Project goals

- All aspects of the WRF project shall be completed ensuring economic value with a special emphasis on **minimizing rate payer and City expense**
- **Communicate WRF project progress** including general project status, milestones, and budget/cost information to our community members regularly
- Produce **tertiary, disinfected wastewater** in accordance with Title 22 requirements for unrestricted urban irrigation

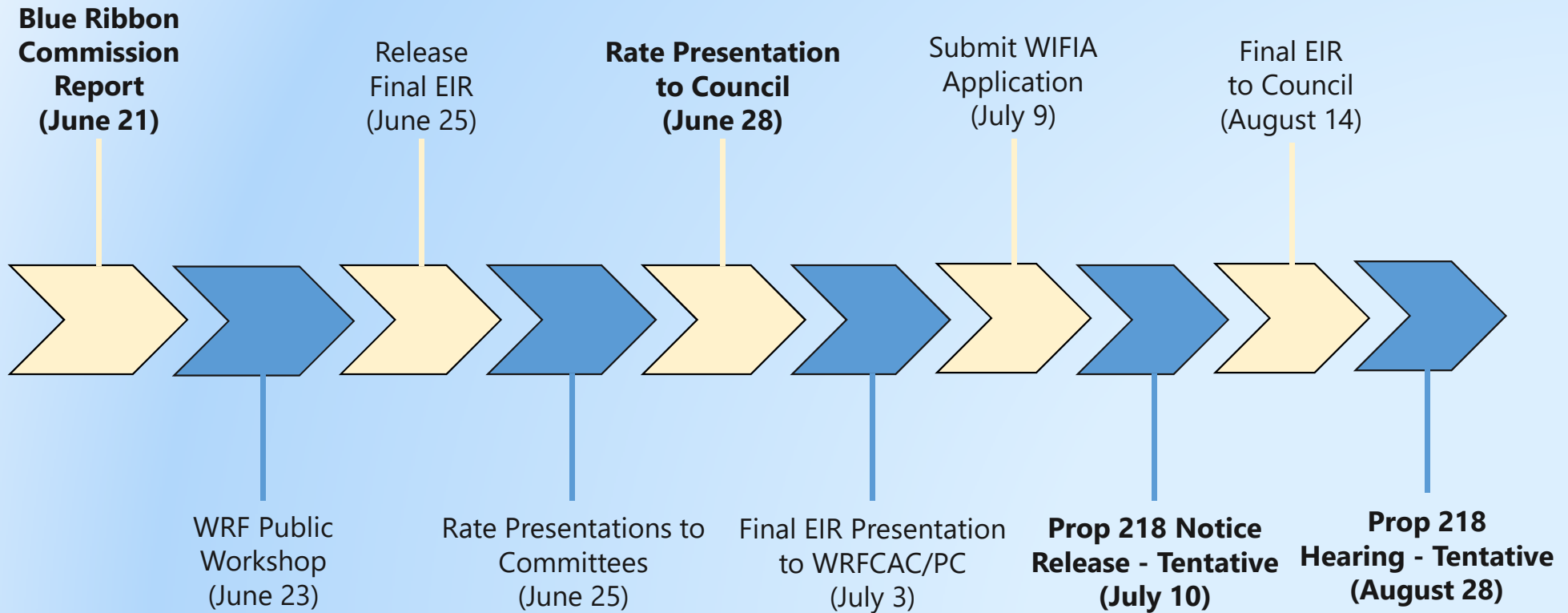
Project goals (cont.)

- Design to produce reclaimed wastewater to **augment the City's water supply**, by either direct or indirect means, as described in a master water reclamation plan and to maximize funding opportunities
- Include features in the WRF project that maximize the City's opportunities to **secure funding** and maximize efficiencies
- Design to minimize the impacts from **contaminants of emerging concern** in the future
- Ensure compatibility with **neighboring land uses**

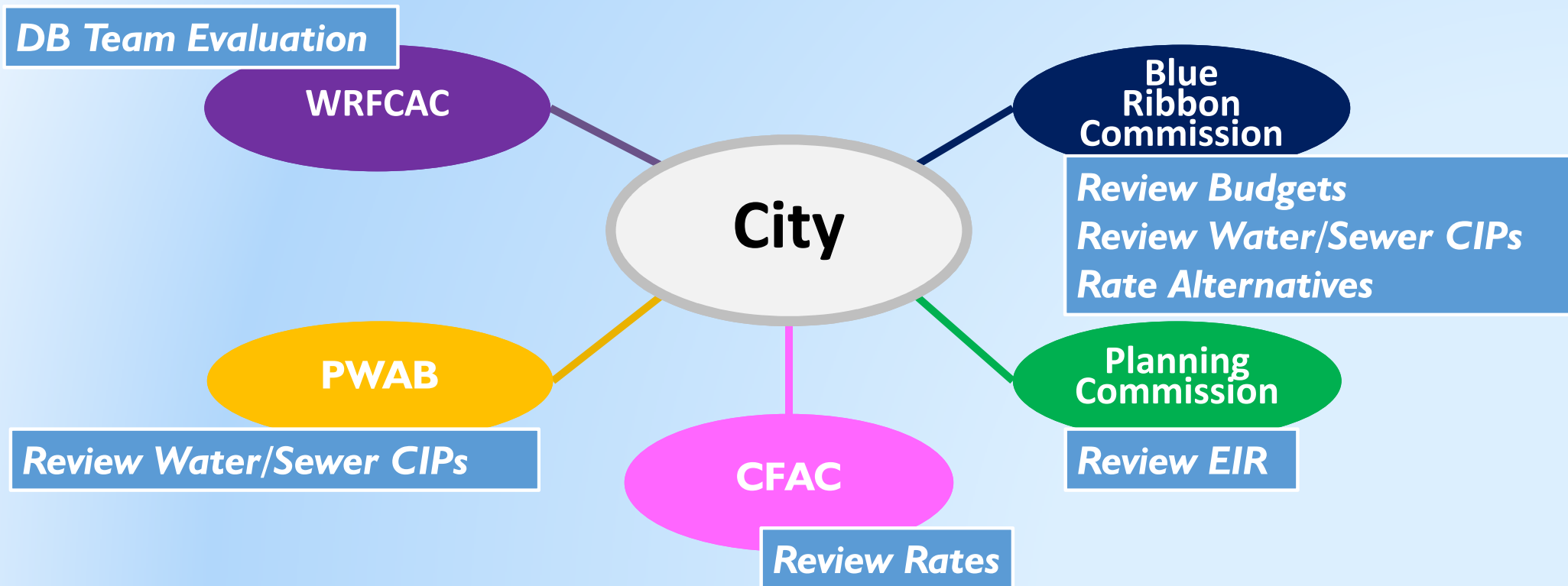
Progress to date



Upcoming items on the critical path



How is the City engaging the community?



Why does the City need a new plant?

- Aging infrastructure
- Not designed to meet new secondary treatment standards
 - **Existing:**
 - BOD = 120 mg/L
 - TSS = 70 mg/L
 - **New:**
 - BOD = 30 mg/L
 - TSS = 30 mg/L
- Regulatory influence
- Hydraulic capacity limitations



Regulators are requiring higher-level treatment



STATE OF CALIFORNIA
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401

DRAFT TIME SCHEDULE ORDER NO. R3-2018-0019

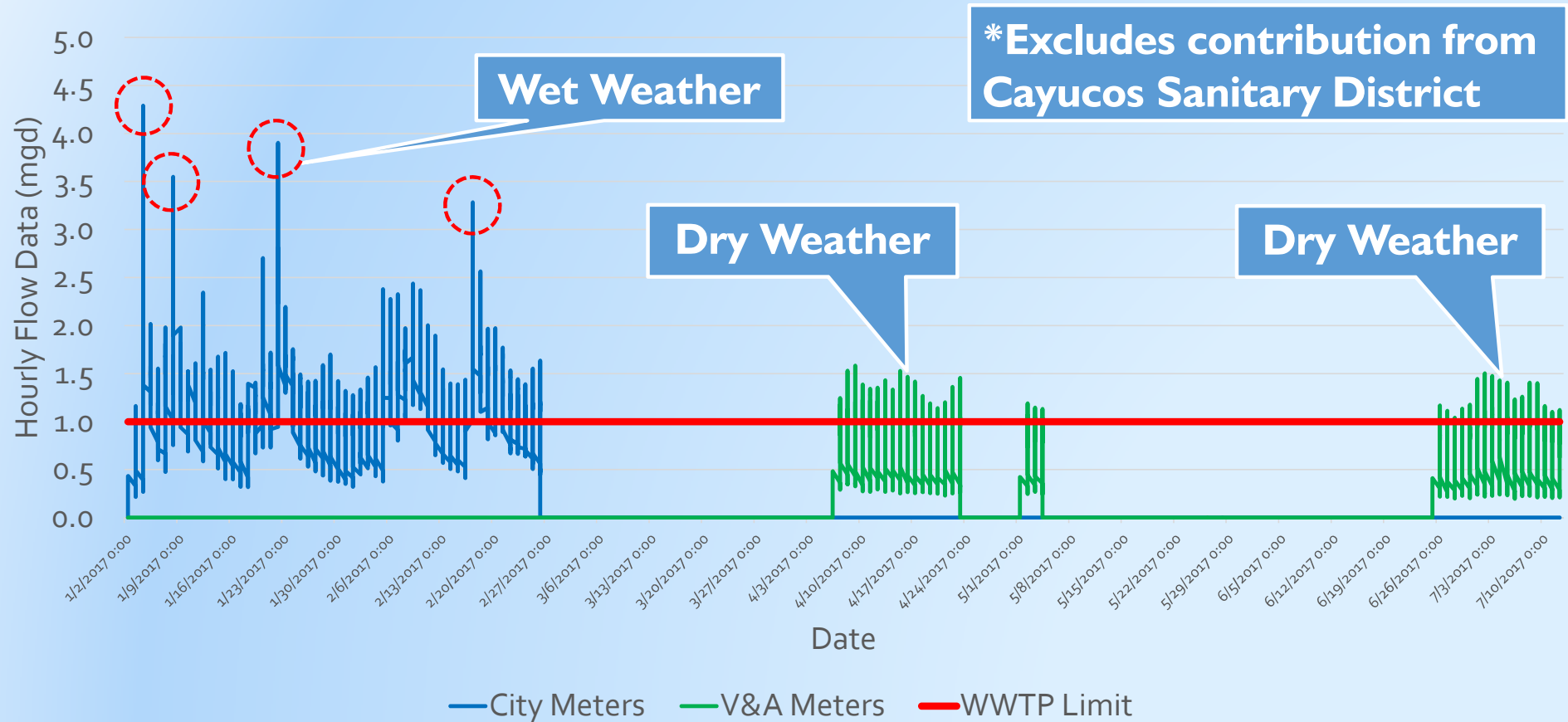
REQUIRING THE
CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT
TO COMPLY WITH REQUIREMENTS PRESCRIBED IN
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
PERMIT NO. CA0047881, ORDER NO. R3-2017-0050,
AS RENEWED OR REVISED

The California Regional Water Quality Control Board, Central Coast Region (Central Coast Water Board) finds:

1. The City of Morro Bay and Cayucos Sanitary District (hereafter Discharger) own and operate wastewater collection, treatment, and disposal facilities to provide sewerage service to their respective communities.
2. The Central Coast Water Board adopted waste discharge requirements regulating the discharge of secondary-treated effluent from the Discharger's wastewater treatment plant (WWTP) to the Pacific Ocean. Under their previous permit, when flows exceed 1 million gallons per day (MGD), secondary-treated effluent could be blended with primary treated effluent, and the blend was chlorinated and dechlorinated before discharge. The Discharger plans to discontinue this blending process as part of the planned WWTP upgrades, and all flows will meet at least full secondary treatment standards. Until those upgrades are completed, however, periodic blending will still be necessary. Waste Discharge Requirements Order No. R3-2017-0050 (Order No. R3-2017-0050), adopted by the Central Coast Water Board on December 7, 2017, requires the Discharger to meet full secondary treatment standards. Order No. R3-2017-0050 serves as a National Pollutant Discharge Elimination System (NPDES) permit (NPDES No. CA0048941).
3. Clean Water Act section 301(b) requires U.S. EPA to develop secondary treatment standards for publicly-owned treatment works at a level of effluent quality attainable through applying secondary or equivalent treatment. U.S. EPA promulgated such technology-based effluent guidelines at 40 C.F.R. 133. Technology-based effluent limitations for biochemical oxygen demand (BOD) and total suspended solid (TSS) have thus been established in Order No. R3-2017-0050 based on 40 C.F.R. 133.
4. Order No. R3-2017-0050 prescribes final effluent limitations for BOD and TSS as shown in Table 1.

“...the existing treatment plant infrastructure cannot achieve full secondary treatment for the loading rates that the community experiences periodically over 1 MGD.”

Flows from Morro Bay exceed current capacity



Coastal Commission opposes the current site



Letter to the Editor, San Luis Obispo Tribune

Mary Shallenberger - Former chair, California Coastal Commission

December 15, 2013

I have become aware that my remarks at last January's Coastal Commission hearing, at which the Coastal Commission denied the permit for the Morro Bay/Cayucos Wastewater Treatment Plant, are being cited in support of an effort to recall Morro Bay's mayor. I am distressed to see my words mischaracterized so inappropriately.

At the time, I was frustrated that the commission was in the position of having to deny a project that should have been denied by the local government. The newly elected mayor was not to blame but bore the brunt of my frustration because he was representing the city at the hearing. True culpability lay with the former City Council majority and the city's consultants, who advised the city to press ahead, at great expense to all concerned, with an ill-conceived project.

The commission made a fully informed decision, supported by your sitting mayor. Our staff recommended denial of the permit, and commissioners agreed because the project as designed clearly failed to meet the requirements of the California Coastal Act and Morro Bay's Local Coastal Program.

The mayor and current City Council should be commended for diligently acting on the strong message the commission sent: Alternative locations for the plant must be identified and thoroughly analyzed before seeking a Coastal Development Permit.

“Our staff recommended denial of the permit, and commissioners agreed because the project as designed clearly failed to meet the requirements of the California Coastal Act and Morro Bay’s Local Coastal Program.” (December 2013)

Commission Action 13-0 (Denial)

Coastal Commission supports the South Bay site



STATE OF CALIFORNIA - NATURAL RESOURCES AGENCY
EDMUND G. BROWN, JR., GOVERNOR
CALIFORNIA COASTAL COMMISSION
CENTRAL COAST DISTRICT OFFICE
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
PHONE: (831) 437-4863
FAX: (831) 437-4877
WWW.COASTAL.CA.GOV



September 22, 2017

Mayor Jamie Irons and City Council
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subject: City Council Hearing on the Updated Site Comparison Report for the City's Proposed Water Reclamation Facility

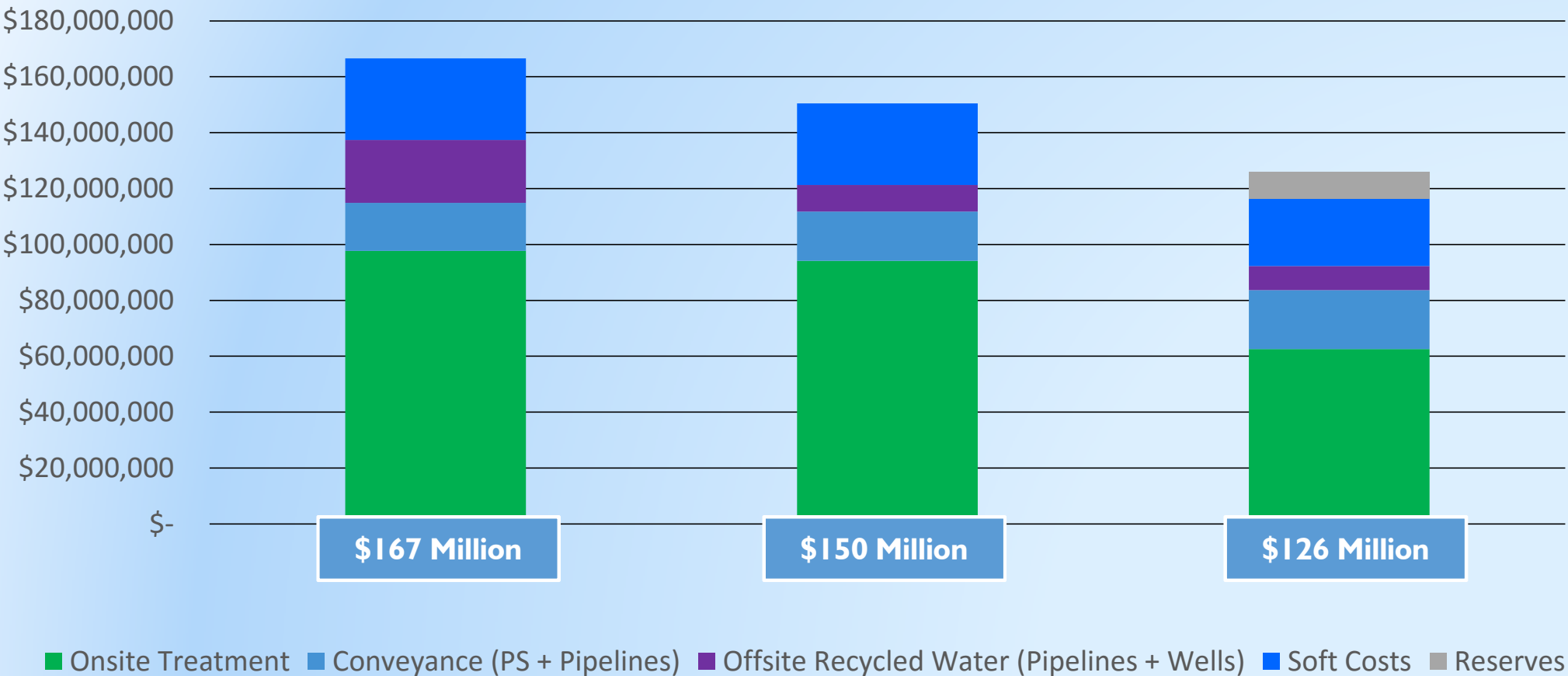
Mayor Irons and Honorable Councilmembers:

Thank you for the opportunity to comment on the Updated Site Comparison Report (Report) and the status of the City's proposed Water Reclamation Facility (Facility) more broadly. Since your July 11 hearing in which you directed staff to both develop this Report detailing options associated with opportunities and constraints of various Facility site locations, as well as to discuss these options with Coastal Commission staff, your staff and members of the public have actively engaged with us on these critically important issues. We would thus first like to thank the City's Facility team and members of the Morro Bay community for this engagement, including the ways in which they have thoughtfully articulated the various issues associated with the options being considered. We understand these are important decisions to be made with lasting impacts on the City and its residents, including with respect to cost to both the City and its utility ratepayers. Thus, we want to make clear that we understand and respect the key issues identified by both the City and members of the public. We also want to clearly state that regardless of the site the Council ultimately chooses to pursue for the Facility, we will continue to actively work with the City during the local process to identify and address project issues with the goal of developing a Coastal Act and Local Coastal Program (LCP) consistent Facility project. As you know, we have a long history of working with the City on this project, and will continue our active engagement as it progresses through the planning and permitting process.

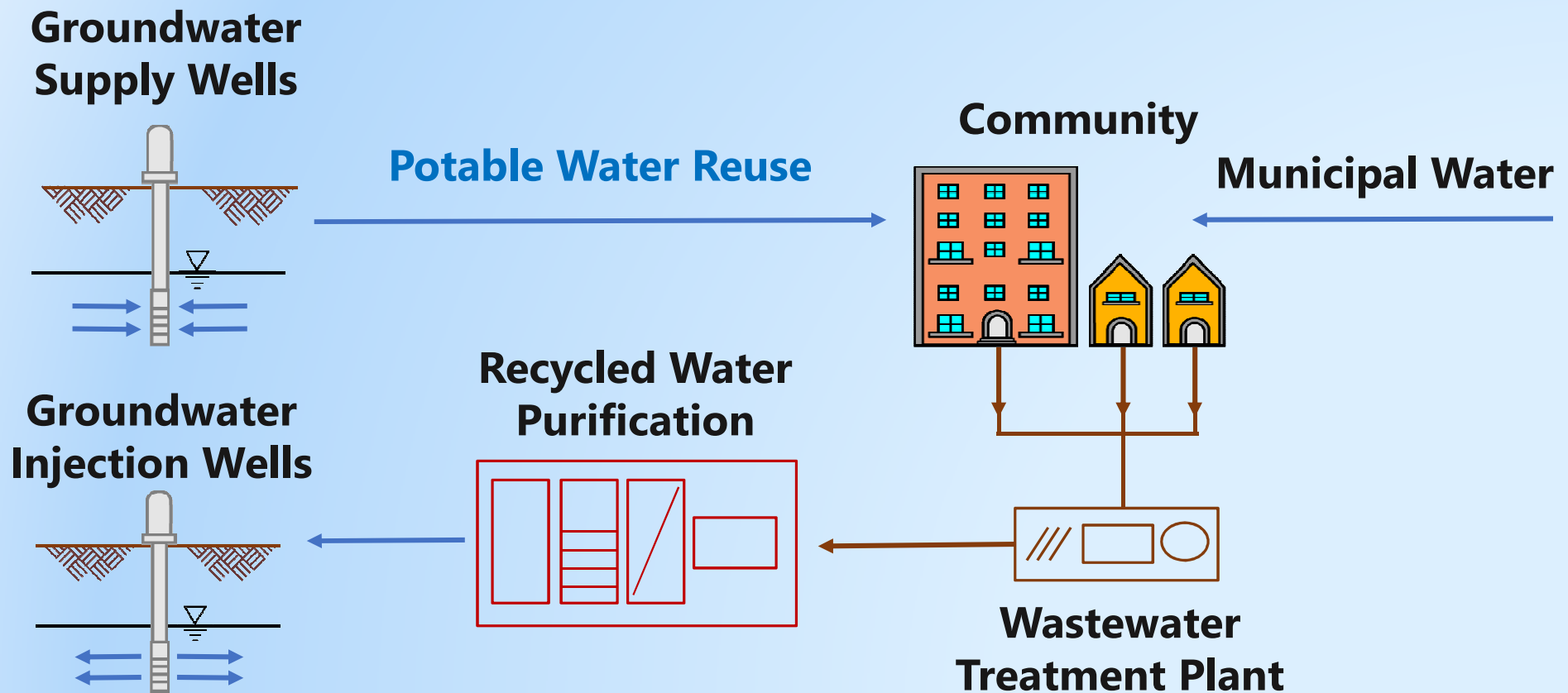
That all being said, we would like to provide the Council and the community with our perspective of the Coastal Act and LCP issues associated with the Report sites. Specifically, we want to reiterate our position from our July 11 letter to the City Council on this topic that the City not pursue a site west of Highway 1, but rather continue its efforts in pursuing a new Facility at the South Bay Boulevard site (or other inland site, such as the Righetti site). Again, this assessment is not without acknowledgement of the issues raised by some members of the public; it is based on our review of the Coastal Act and LCP issues raised by the various sites analyzed. Notably, we believe that the South Bay Boulevard site provides for far greater regulatory certainty than do sites west of Highway 1, and that that certainty will help the City achieve its goal of a long-term Facility that will serve Morro Bay's wastewater needs quicker and most likely less expensive in the long run than alternative sites west of Highway 1. The primary reason for this is because the South Bay Boulevard site simply does not raise the same

"...the South Bay Boulevard site (or the Righetti site) remains the City's best option at this juncture, including because it is not encumbered by the uncertainties west of Highway 1, including needed LCP amendments and CDP restriction, or even project denial, from the Coastal Commission due to coastal hazards." (September 22, 2017)

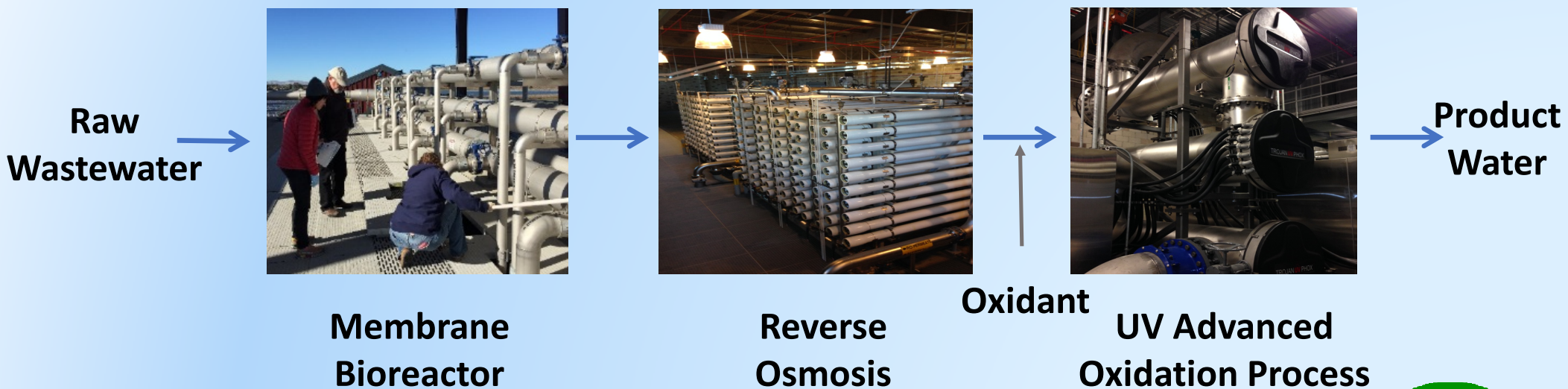
What is being done to get the best value?



What is potable reuse?



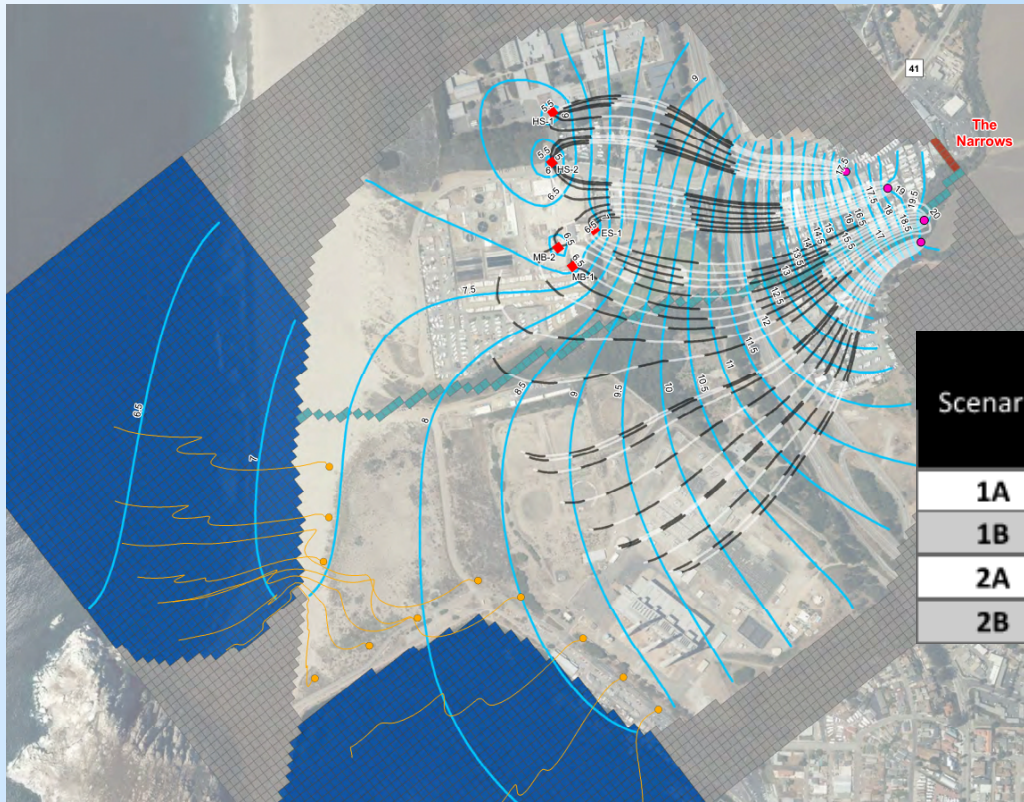
Is indirect potable reuse feasible?



Pathogen removal credits dictated by Division of Drinking Water (DDW)?



Is indirect potable reuse feasible?

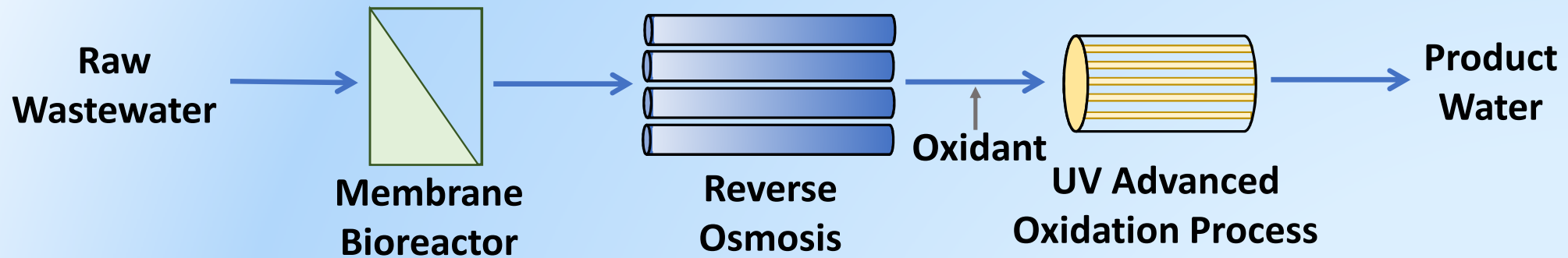


Scenario	Injection AFY)	Pumping (AFY)	Minimum Residence Time (months)	
			Wet	Dry
1A	825	943	3-4	>4
1B	825	1,193	2-3	3-4
2A	801	1,119	2-3	3-4
2B	814	1,305	2-3	3-4

Minimum 2-month travel time in the groundwater?



Eliminate recycled water from the project?



Description	Ocean Discharge Only	Potable Reuse
Program Cost	\$105M	\$126M
City's Goals	No	Yes
Potable Water Offset	None	80% of current usage
Low-Interest Financing	None	CWSRF/WIFIA
Rate Impact (Bonds/WIFIA)	-	\$1.50/month
Rate Impact (CWSRF/WIFIA)	-	\$0/month

Pursuing low-interest and grant financing



Description	 Clean Water State Revolving Fund	 United States Environmental Protection Agency Infrastructure Innovation Act
Project Phase	Planning	Construction
Amount	Up to 51%	Up to 49%
Duration	30 years	35 years
Interest Rate	1.70%	3.25%
Application Stage	Secured	Final App: July 9, 2018

Bond Financing = 4.70%

Pursuing low-interest and grant financing



Description	 Clean Water State Revolving Fund		 Water Infrastructure Finance & Innovation Act
Project Phase	Planning	Construction	Construction
Amount	\$10.3M	51%	Up to 49%
Duration	30 years	30 years	35 years
Interest Rate	1.70%	2.20%	3.25%
Application Stage	Secured	Prelim App	Final App: July 9, 2018

Utility discount program can help

- Established in July 2015
- Applies to those who qualify for PG&E CARE Program
- Current participation
 - UDP = 128 residents
 - CARE = 967 residents (as of 2015)
- Amended June 13, 2018
 - Establishes minimum and maximum discounts
 - Removes fee related revenue from the program
 - Allows additional sources of revenue for funding
- Open enrollment: July 1 to 31, 2018

**CITY OF MORRO BAY
UTILITY DISCOUNT PROGRAM
CUSTOMER APPLICATION**

Date: _____ Program Year: _____

PLEASE PRINT:

Customer name: _____

Service address: _____

Telephone number: _____

ATTACH COPY OF CURRENT PG&E BILL

PLEASE INITIAL:

____ I understand this application is effective for the _____ program year. My application expires on July 31, 20____.

____ I understand I must resubmit and requalify, every July, for program participation, by filling out an application, and attaching **current proof** of participation in the PG&E Customer Care Program.

____ I understand I am not guaranteed to receive the utility discount every program year. I understand the discount amount will change every program year.

____ I have received a copy of the Utility Discount Program.

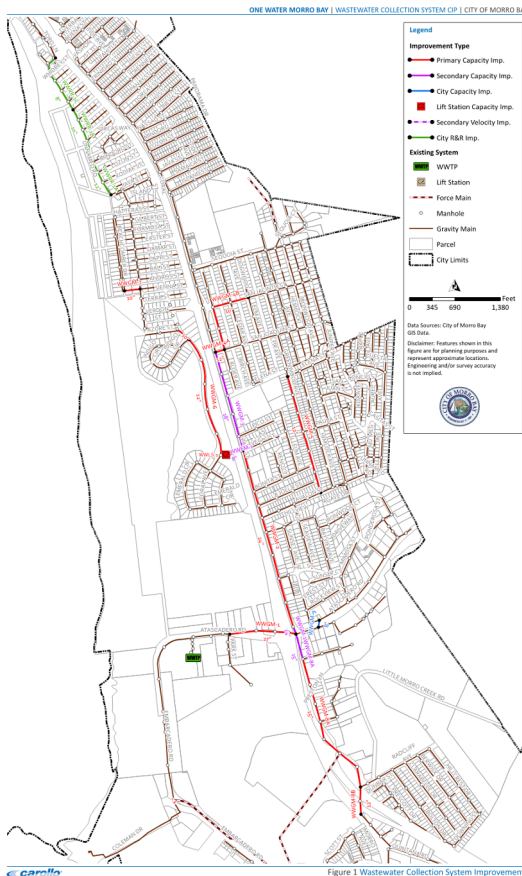
Customer Signature _____

Approval signature _____

STAFF USE ONLY

Date: _____

Planned improvements for the collection system?



Improvements targeted at reducing Inflow/Infiltration:

- North Main Street
- Beachcomber Drive

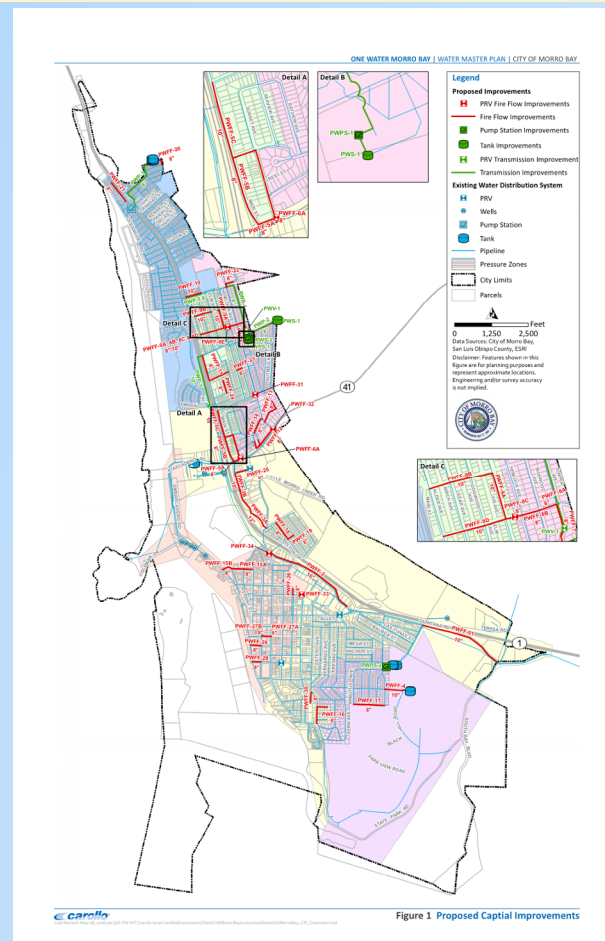


Planned improvements for the collection system?



Project	CIP Phasing (\$)				
	Near-Term				
	2019	2020	2021	2022	2023
WWGM-1 Gravity Main along Atascadero Road	\$ 530,000	\$ -	\$ -	\$ -	\$ -
WWGM-2 Gravity Main along Main Street	\$ -	\$ -	\$ 1,371,000	\$ -	\$ -
WWGM-3 Gravity Main along Main Street	\$ -	\$ -	\$ -	\$ 544,000	\$ -
WWGM-4A Gravity Main along San Joaquin Street	\$ -	\$ -	\$ -	\$ 43,000	\$ -
WWRR-1A Gravity Main Beachcomber Drive	\$ -	\$ 166,000	\$ -	\$ -	\$ -
WWRR-1B Gravity Main Beachcomber Drive	\$ -	\$ 262,000	\$ -	\$ -	\$ -
WWRR-1C Gravity Main Beachcomber Drive	\$ -	\$ 252,000	\$ -	\$ -	\$ -
WWRR-2 Pipe R&R Program Upstream of LS-1	\$ -	\$ -	\$ -	\$ 602,000	\$ 602,000
WWRR-4 Cap Replacement Upstream of LS-1	\$ 249,000	\$ 265,000	\$ -	\$ -	\$ -
WWO-1 Sewer Master Plan Update	\$ -	\$ -	\$ -	\$ -	\$ 150,000
WWO-2 Flow Monitoring Program	\$ -	\$ -	\$ -	\$ -	\$ 60,000
CIP Total	\$ 779,000	\$ 945,000	\$ 1,371,000	\$ 1,189,000	\$ 812,000
Annual Cost	\$ 779,000	\$ 945,000	\$ 1,371,000	\$ 1,189,000	\$ 812,000

What are plans to improve water infrastructure?



What are plans to improve water infrastructure?



Project		CIP Phasing (\$)				
		Near-Term				
		2019	2020	2021	2022	2023
PWP-1	Fill line for Blanca Tanks	\$ 750,000	\$ -	\$ -	\$ -	\$ -
PWP-2	Fill line for Nutmeg Tank	\$ -	\$ -	\$ -	\$ 371,000	\$ -
PWP-4	Parallel pipeline on Juniper Avenue	\$ -	\$ 595,000	\$ -	\$ -	\$ -
PWP-5	Pipeline on Sequoia Street	\$ 154,000	\$ -	\$ -	\$ -	\$ -
PWPS-1	Elena Booster Pump Station Upgrade	\$ -	\$ -	\$ 580,000	\$ -	\$ -
PWS-1	Nutmeg Tank Upgrade	\$ -	\$ 332,000	\$ 332,000	\$ 1,326,000	\$ 1,326,000
PWV-1	PRV on Juniper Avenue	\$ -	\$ -	\$ 312,000	\$ -	\$ -
PWRR-1	Pipeline R&R Program	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
PWO-1	Water Master Plan Update	\$ -	\$ -	\$ -	\$ -	\$ 150,000
PWO-2	Re-Skin Desalination Plant Building	\$ 60,000	\$ -	\$ -	\$ -	\$ -
CIP Total		\$ 1,064,000	\$ 1,027,000	\$ 1,324,000	\$ 1,797,000	\$ 1,576,000
Annual Cost		\$ 1,064,000	\$ 1,027,000	\$ 1,324,000	\$ 1,797,000	\$ 1,576,000

Focus on deteriorating infrastructure



Nutmeg Tank

- Replace with new 1 MG tank

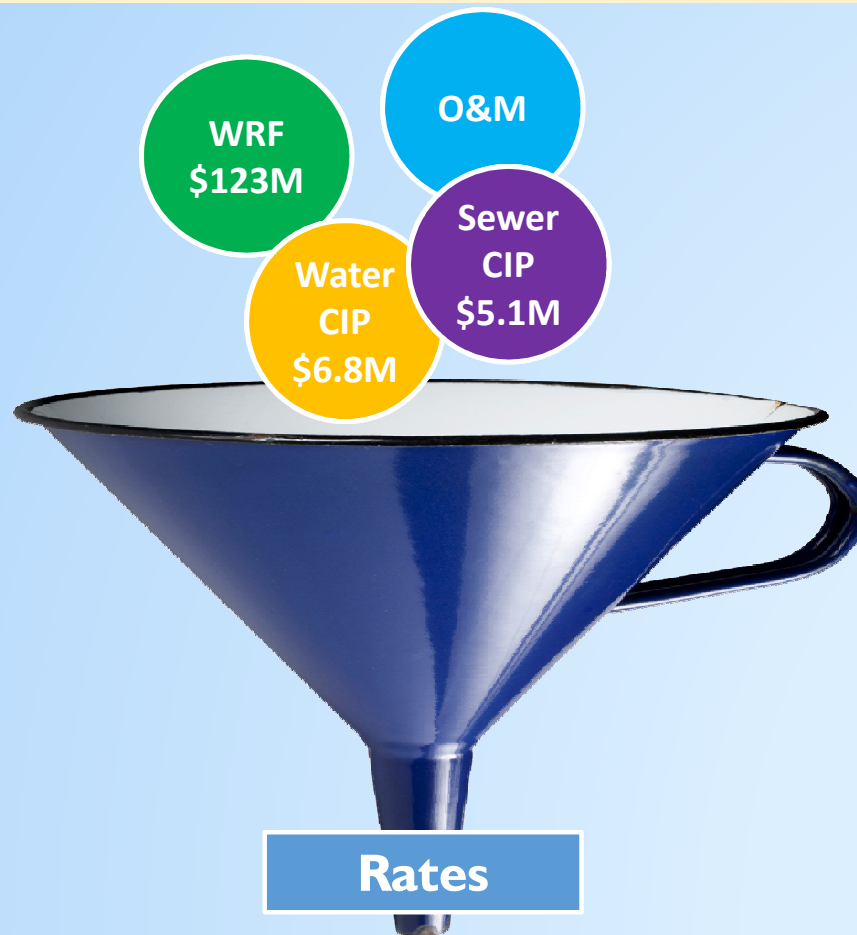


Vashon BPS

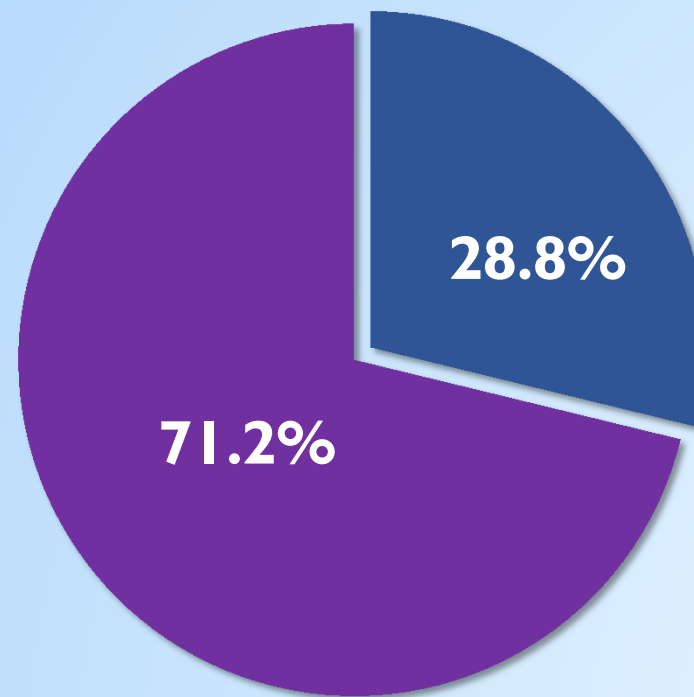
- Eliminate pump station

Public Comment

What goes into the rate study?

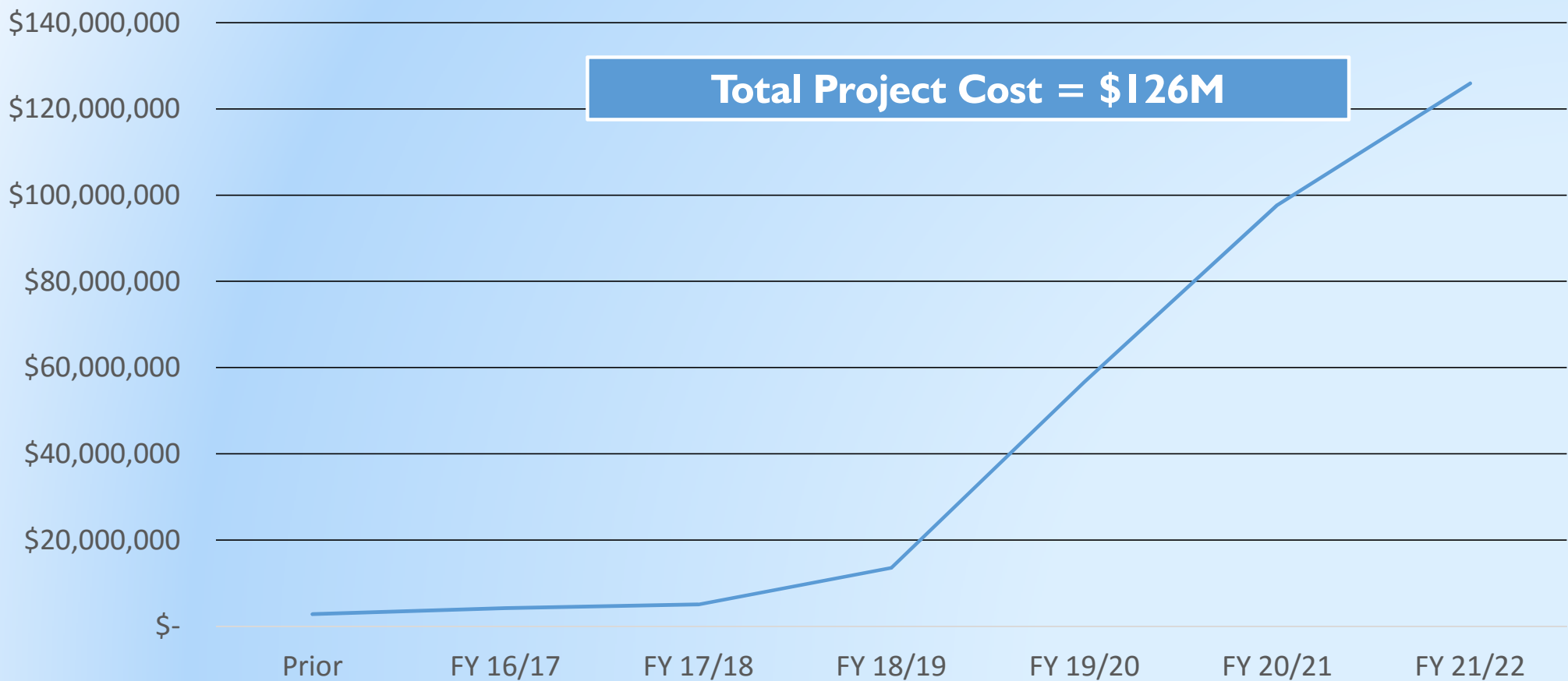


How are costs for the WRF being split?

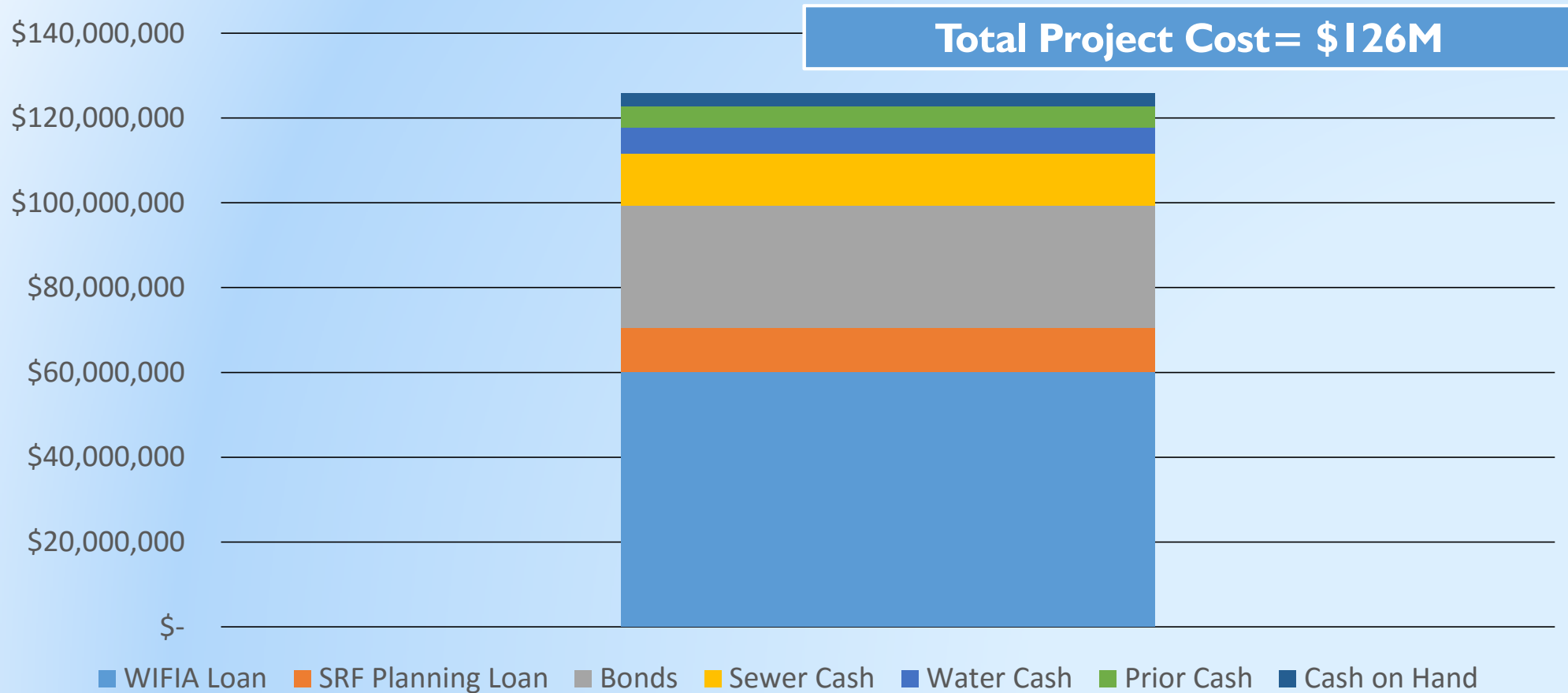


■ Water ■ Sewer

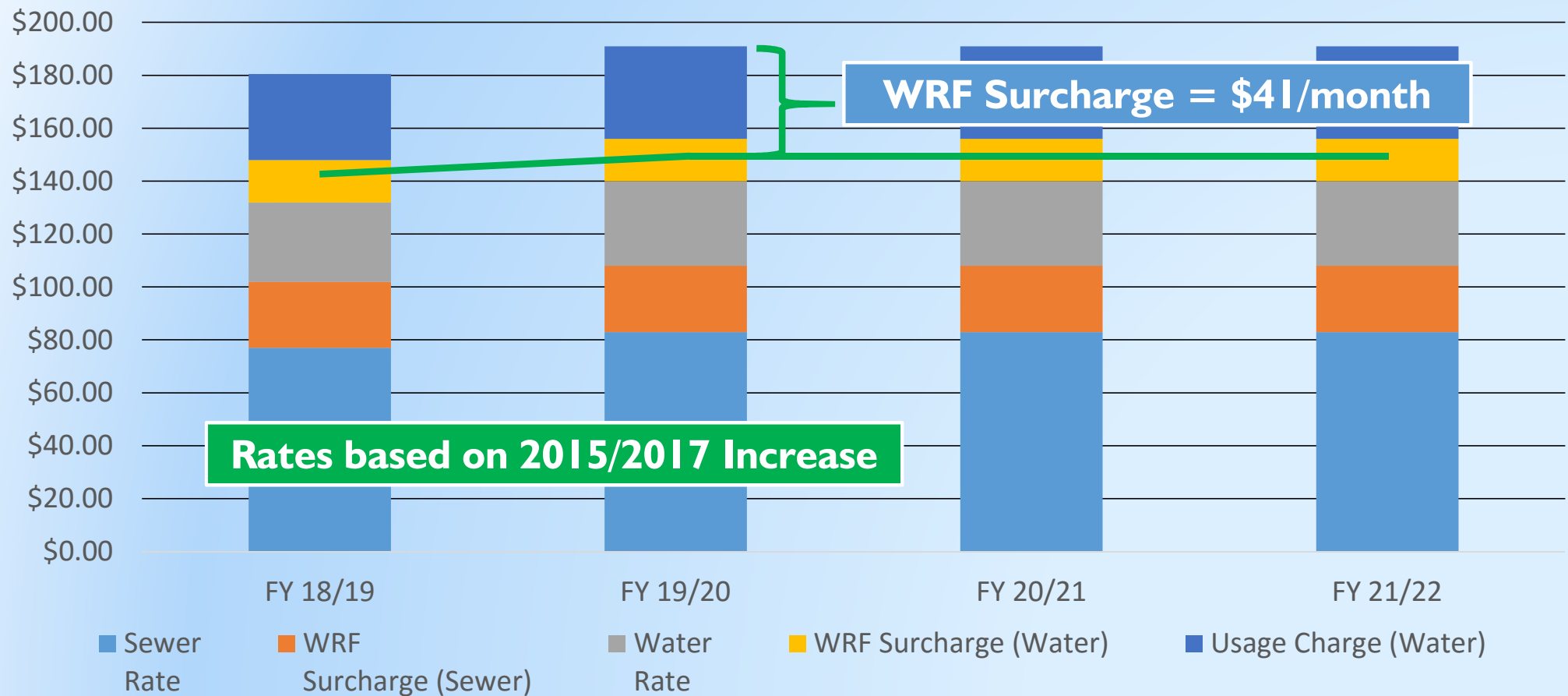
When is the WRF money being spent?



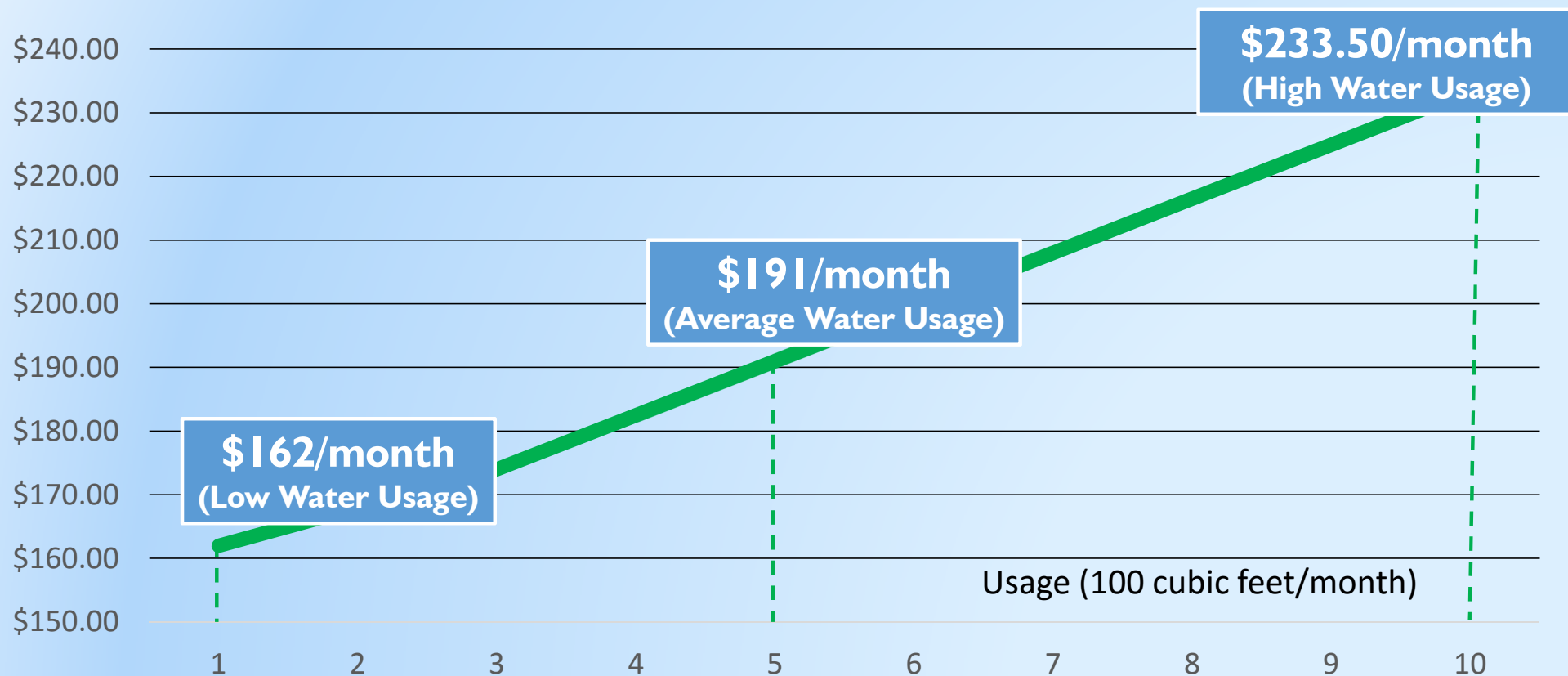
How is the project being funded?



How are the combined rates calculated?



How much will my new rate be (based on my usage)?



Blue Ribbon Commission's mission?



MORRO BAY WATER RECLAMATION FACILITY

BLUE RIBBON COMMISSION

June 21, 2018

Prepared for the City of Morro Bay by Blue Ribbon Commission Members:

 6/21/2018
Homer Alexander Date

 6/21/18
John Martin Date

 June 21, 2018
Joan Soli Date

 JUNE 21, 2018
Barbara Spagnola Date

“The WRF Blue Ribbon Commission is committed to independently evaluating the costs of the major components of the WRF program and water and sewer capital project needs and provide a recommendation to the City Manager for equitable and reasonable customer rates to pay for those needs.”
(June 21, 2018)

Blue Ribbon Commission's findings?

- Current rate proposal is reasonable
 - *Staff response:* **Agree**.
- Postpone the City Council meeting to present rates to August 14, 2018
 - *Staff response:* **Disagree**. With annual rate review policy City can reduce rates as cost savings are realized.
- Authorize a contract with GSI Water Solutions to refine specifics for potable reuse potentially reducing costs
 - *Staff response:* **Agree**. Project team will continually look for cost savings and advise Council for annual rate adjustments (see above).
- Debt service for WRF should appear on the monthly bill as a surcharge
 - *Staff response:* Await further input from public, Advisory bodies, and Council on pros and cons (see discussion in Staff report for June 28, 2018, Council meeting).

What choices does Council have for rates?



1) Billing options for the WRF surcharge

Billing Option	Considerations
Place on property tax	<ul style="list-style-type: none">• Property owner would have responsibility• Potentially less impact on renters• Would result in two large payments per year versus monthly
Place on monthly water and sewer bill	<ul style="list-style-type: none">• Renters paying utilities would bear full impact of WRF surcharge• Clearer understanding of water/sewer costs

What choices does Council have for rates?

2) Implementation of rate increases

Implementation Option	Considerations
Implement full rate in first year	<ul style="list-style-type: none"> • Full increase occurs in first year • Overall borrowing costs are reduced
Phase-in rate increases	<ul style="list-style-type: none"> • Provides opportunity for payers to adjust their budgets • Increases financed amount of project by ~\$6 million • Increases final, maximum rate

	FY 2019/2020	FY 2020/21	FY 2021/22	FY 2022/23
Front load	191.00	191.00	191.00	191.00
Phase In	161.00	172.00	183.00	194.00


Comparison for average user per Staff report for June 28, 2018, Council meeting

Public Comment

What are your preferences about rates?

- 1) Billing options for WRF surcharge?
 - a. Place on property tax
 - b. Place on monthly water and sewer bill

- 2) Implementation of rate increases?
 - a. Implement rate fully beginning in year one
 - b. Phase-in rate increases



Additional WRF Questions and Public Comment