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JUN 17 2011

City of Morro Bay
Public Services Department

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT FOR CONSULTANT SERVICES ("Agreement"), is made and effective as of June 1, 2011, between **DUDEK** ("Consultant"), and the **CITY OF MORRO BAY**, a Municipal Corporation ("City") and the **CAYUCOS SANITARY DISTRICT**, a California Special District (hereinafter referred to as "District") (CITY and DISTRICT are hereinafter collectively referred to as ("CITY/DISTRICT")). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. **TERM**

This term of this Agreement shall be for one year, commencing on June 1, 2011, unless terminated earlier pursuant to the provisions of Section 6 of this Agreement.

2. **SERVICES**

Consultant shall perform the tasks described and comply with all terms and provisions set forth in Exhibit "A", attached hereto and incorporated herein by this reference.

3. **PERFORMANCE**

Consultant shall at all times faithfully, competently and to the best of his/her ability, experience and talent, perform all tasks described herein. Consultant shall employ, at a minimum generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. **AGREEMENT ADMINISTRATION**

Dennis Delzeit shall represent City/District in all matters pertaining to the administration of this Agreement. April Winecki shall represent Consultant in all matters pertaining to the administration of this Agreement.

5. **PAYMENT**

The City/District agrees to pay the Consultant in accordance with the payment rates and terms set forth in Exhibit "B", attached hereto and incorporated herein by this reference.

6. **SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE**

(a) The City/District may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City/District suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City/District shall pay to Consultant for all work performed up to the time of termination. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the City/District pursuant to Section 5.

7. **TERMINATION ON OCCURRENCE OF STATED EVENTS**

This Agreement shall terminate automatically on the occurrence of any of the following events:

- (a) Bankruptcy or insolvency of any party;
- (b) Sale of Consultant's business; or
- (c) Assignment of this Agreement by Consultant without the consent of City/District.

8. **DEFAULT OF CONSULTANT**

(a) The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City/District shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

(b) If the City Manager or his/her delegate or the District Manager or his/her designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, he/she shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City/District shall have the right, notwithstanding any other provision of this Agreement to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

9. **LAWS TO BE OBSERVED**

Consultant shall:

- (a) Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by Consultant under this Agreement;
- (b) Keep itself fully informed of all existing and proposed federal, state and local laws, ordinances, regulations, orders, and decrees which may affect those engaged or employed under this Agreement, any materials used in Consultant's performance under this Agreement, or the conduct of the services under this Agreement;
- (c) At all times observe and comply with, and cause all of its employees to observe and comply with all of said laws, ordinances, regulations, orders and decrees mentioned above;
- (d) Immediately report to the City/District's Contract Manager in writing any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above in relation to any plans, drawings, specifications or provisions of this Agreement;
- (e) The City/District, and its officers, agents and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

10. **OWNERSHIP OF DOCUMENTS**

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by the City/District that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of the City/District or its designees at reasonable times to such books and records; shall give the City/District the right to examine and audit said books and records; shall permit the City/District to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City/District and may be used, reused, or otherwise disposed of by the City/District without the permission of the Consultant. With respect to computer files, Consultant shall make available to the City/District, at the Consultant's office and upon reasonable written request by the City/District, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

11. INDEMNIFICATION

(a) Indemnification for Professional Liability. When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, and hold harmless City/District and any and all of its Directors, officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including reasonable attorney's fees and costs to the extent same are caused by any negligent act, error or omission or willful misconduct of Consultant, its officers, agents, employees or subContractors (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this agreement. This indemnification obligation excludes the duty of Consultant to defend any Indemnified Parties. However, the absence of the duty to defend shall not preclude any Indemnified Party from seeking its reasonable attorney's fees and defense costs as part of its damages where and to the extent such fees and costs are caused by any negligent or wrongful act, error, or omission of Consultant, its officers, agents, employees or subConsultants (or any entity or individual that Consultant shall bear the legal liability for) in the performance of professional services under this Agreement.

(b) Indemnification for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City/District, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subContractors of Consultant.

(c) General Indemnification Provisions. Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every subConsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required here, Consultant agrees to be fully responsible according to the terms of this section. Failure of City/District to monitor compliance with these requirements imposes no additional obligations on City/District and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City/District as set forth here is binding on the successors, assigns or heirs of Consultant and shall survive the termination of this Agreement or this section.

12. **INSURANCE**

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit "C" attached hereto and incorporated herein as though set forth in full.

13. **INDEPENDENT CONSULTANT**

(a) Consultant is and shall at all times remain as to the City/District a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither the City/District nor any of their officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City/District. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against the City/District, or bind the City/District in any manner.

(b) No employee benefits shall be available to Consultant in connection with performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, the City/District shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for the City/District. The City/District shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

14. **UNDUE INFLUENCE**

Consultant declares and warrants that no undue influence or pressure was or is used against or in concert with any officer or employee of the City/District in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City/District will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City/District to any and all remedies at law or in equity.

15. **NO BENEFIT TO ARISE TO LOCAL EMPLOYEES**

No member, officer, or employee of the City/District, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or

To District: Cayucos Sanitary District
Attn: Bill Callahan
P. O. Box 333
Cayucos, CA 93430

With Copy to: Carmel & Naccasha LLP
Attn: Timothy J. Carmel
PO Box 15729
San Luis Obispo, CA 93401

To Consultant: Dudek
Attn: April Winecki
621 Chapala Street
Santa Barbara, CA 93101

18. **ASSIGNMENT**

The Consultant shall not assign the performance of this Agreement, nor any part thereof, without the prior written consent of the City/District.

19. **GOVERNING LAW**

The City/District and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the superior or federal district court with jurisdiction over the City of Morro Bay and the Cayucos Sanitary District.

20. **ENTIRE AGREEMENT**

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. **TIME**

City/District and Consultant agree that time is of the essence in this Agreement.

22. **CONSTRUCTION**

The Parties agree that each as had an opportunity to have their counsel review this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. The captions of the sections are for convenience and reference only, and are not intended to be construed to define or limit the provisions to which they relate.

23. **AMENDMENTS**

Amendments to this Agreement shall be in writing and shall be made only with the mutual written consent of all of the parties to this Agreement.

24. **AUTHORITY TO EXECUTE THIS AGREEMENT**

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF MORRO BAY

By William Yates
William Yates, Mayor

CONSULTANT

By Frank Dudek 6/14/11
Its **Dudek**
Frank Dudek
President

Attest:
Bridgett Kessler
Bridgett Bauer, City Clerk
Kessler

Approved as to Form:

By Robert Schultz
Robert Schultz, City Attorney

Cayucos Sanitary District

By Robert B. Enns
Robert Enns, Board President

Attest:

By Lewis Brookins
Lewis Brookins, District Secretary

Approved as to Form:

By Timothy Carmel
Timothy Carmel, District Counsel

EXHIBIT A

SCOPE OF WORK

Scope of Work (6-10-11)

On January 11, 2011, the Morro Bay City Council conditionally approved MBCSD's request for an upgrade of the MBCSD WWTP and certified the environmental impact report (EIR) for the proposed project. The proposed plant upgrade will provide full secondary treatment for all effluent discharged through the facility's ocean outfall and tertiary filtration capacity equivalent to a peak seasonal dry weather flow of 1.5 million gallons per day (mgd).

The City's approval of a coastal development permit for the proposed project was appealed to the CCC. At the CCC hearing on March 11, 2011, the CCC found that the City's action to approve the proposed project raised "substantial issue" with respect to the proposed project's consistency with various policies of the City's certified LCP and the public access and recreation policies of the California Coastal Act (CCA). As a result, the CCC has asserted jurisdiction over the proposed project's coastal development permit, which is now subject to the CCC's *de novo* hearing requirements.

The primary issue raised during the CCC's substantial issue review is that the City's approval lacked the necessary alternatives analysis to demonstrate the current WWTP site is the most appropriate location for the proposed project in terms of the various coastal resource constraints that occur at the existing site, and in consideration of other potentially feasible off-site locations that may better avoid or minimize impacts to coastal resources. The CCC's substantial issue review further determined that additional analysis and technical study is necessary to conclude that the proposed project at its current location can be designed and conditioned to ensure potential impacts to coastal resources are avoided and minimized, and to better achieve LCP objectives for public works projects.

The CCC determined that a *de novo* review of the coastal development permit for the proposed project would be premature absent additional work on the City's part to develop the necessary supporting documentation for the CCC to more thoroughly evaluate the proposed project for consistency with applicable LCP and CCA policies, including a more comprehensive analysis of alternative site and design options and additional site-specific study and analysis of the proposed project site. To this end, MBCSD issued a RFQ on March 15, 2011, with an addendum on March 17, 2011, to conduct an alternatives site analysis (phase 1) and analyze the other policy consistency issues identified in the CCC staff report (phase 2) for the proposed project.

It is understood that any site alternatives considered for the alternatives analysis should meet the objectives of the proposed project, as stated in the final EIR:

- Comply with the secondary treatment standards contained in 40 CFR Part 133
- Phase out the need for a 301(h) modified discharge permit
- Minimize flooding impacts on site at WWTP and adjoining properties
- Accommodate future installation of reclamation capability to meet Title 22 requirements for disinfected tertiary recycled water for unrestricted use
- Comply with "Settlement Agreement for Issuance of Permits to and Upgrade of Morro Bay Cayucos Wastewater Treatment Plant".

Phase I: Rough Screening Alternative Sites Analysis

Consultant will conduct a comprehensive alternatives analysis for the proposed project using a rough screening analysis of up to 10 potential sites, including the proposed project site and Chorro Valley site. For the rough screening analysis, environmental and coastal resource/policy factors considered in the analysis may exceed those identified in the CCC's substantial issue determination to ensure any new, potentially feasible

sites identified during the alternatives analysis do not result in previously unidentified environmental or coastal resource policy conflicts. Evaluation of potential coastal hazards for each alternative site considered during rough screening will be conducted according to the correlating task included in Earth Systems Pacific Scope of Work, Revised June 8, 2011 (attached).

ROUGH SCREENING ANALYSIS (10 SITES)

A rough screening analysis will be conducted to identify feasible and appropriate project alternatives to carry forward into a fine screening analysis (Phase 2). The site alternatives for the rough screening analysis will be preliminarily identified based on the proposed project documents that describe the current WWTP and Chorro Valley sites, and the Surfrider Foundation appeals letter, which identifies six additional potential sites.

These site alternatives will be supplemented by additional sites to be determined based on two public workshops, and siting criteria to be developed by Consultant, MBCSD staff, and the project manager. The site alternatives will include at a minimum:

1. Current WWTP site (proposed project)
2. Chorro Valley site – EIR Alternative 3 (Cannon Associates, 2007)
3. Surfrider Foundation site – Whale Rock site
4. Surfrider Foundation site – Highway 41 Corridor Madonna property
5. Surfrider Foundation site – Chevron Oil Facility
6. Surfrider Foundation site – Hayashi or Giannini properties
7. Surfrider Foundation site – Power plant site
8. Surfrider Foundation site – PG&E/City property
9. Additional site that meets established siting criteria
10. Additional site that meets established siting criteria.

Rough screening will be based on the site alternatives meeting the overall project objectives and established evaluation criteria. The screening methodology for the rough screening evaluation will be focused on identifying fatal flaws for project alternatives. If a fatal flaw is identified, no further evaluation of that alternative will be performed. Projects not exhibiting fatal flaws will be subjected to further evaluation based on criteria discussed and established during the public workshops. It is anticipated that the criteria will be based on a combination of environmental, policy, and engineering factors/requirements. Each alternative will then be assessed according to the established evaluation criteria, preliminarily identified below, and ranked based on weighting factors as determined in coordination with public and stakeholder input, MBCSD and CCC staff, as well as the project manager. The evaluation criteria assessment will be based on a visual assessment of the sites, and review and analysis of existing available information applicable to each criterion.

Candidate Criteria for Evaluating Alternatives

1. Environmental constraints/preliminary LCP consistency analysis:
 - Coastal hazards (as identified in the CCC appeal staff report)
 - Public access and recreation
 - Visual resources
 - Cultural resources
 - Biological/marine resources (sensitive upland habitat, water quality, wetlands, marine habitat)
 - Agricultural resources
 - Land use compatibility.
2. Logistics (can the proposed project be implemented in the required timeframe considering legal and institutional issues):
 - Proximity to existing wastewater collection/conveyance facilities

- Site suitability – minimum size for immediate treatment objective and ability to accommodate growth
- Site availability – landowner rights
- Legal restrictions
- Regulatory restrictions
- Recycled water opportunities, as applicable – limited to suitability of the site to serve customers identified in the recycled water demand (market) analysis.

3. Economic factors:

- Economic feasibility – Consultant will consider the economic feasibility of relocating the wastewater treatment focus to an alternative location. The intent of the economic feasibility consideration is to identify prohibitively expensive (fatal flaw) projects and avoid detailed analysis of infeasible project alternatives. Considerations will include costs associated with conveyance infrastructure.

4. Other factors:

- As identified in the public outreach meetings.

A summary report and evaluation criteria matrix addressing each alternative site considered will be prepared to clearly document and summarize the results of the rough screening analysis. The current WWTP site (proposed project site) and the top two ranking site alternatives will move forward to the fine screening analysis (Phase 2).

Public Outreach

The rough screening analysis will include the following opportunities for public input and team/CCC staff collaboration:

- CCC staff meeting no. 1
 - Kick-off meeting between CCC staff, MBCSD staff and consultant to discuss draft work plan and key issues to be addressed
- Public workshop presentations (2)
 - Evening, facilitated public workshop
 - Daytime, facilitated public workshop held the following day
- CCC staff meeting no. 2
 - Meeting after the public workshops to review the established criteria and present the final list of rough screening sites to CCC staff
- Presentation at JPA meeting no. 1
 - Evening meeting to present information on CCC staff meetings, public workshops, and results of the rough screening analysis.

The public workshops proposed during the rough screening analysis phase are intended to facilitate public input on feasible alternative sites, and to identify and discuss the proposed screening approach and evaluation criteria. Accordingly, Consultant shall prepare supporting materials, including a formal PowerPoint presentation discussing the approach and methodology, and lead the public question and answer period along with the City and MBCSD team. The first public workshop is assumed to be held in the evening at Morro Bay or Cayucos, and will be attended by the Consultant project manager, phase I task leader, and additional key staff. A second workshop will be held the following day to provide an alternate time for the public to attend if they are not available to attend the first workshop. If people attend both meetings, their comments on evaluation criteria and preferred sites would only be addressed once if duplicative. The meetings will be scheduled to minimize the consultants travel and down time (e.g., evening followed by a daytime meeting).

It is assumed the two (2) proposed meetings with CCC's Central Coast District staff to discuss the rough screening analysis and preliminary findings will be held at the local CCC office in Santa Cruz, and will be attended in person by the Consultant project manager, and that the phase I task leader and additional key staff would either attend in person and/or participate remotely through a teleconference line.

The presentation at the JPA meeting shall occur following the public workshops and the second CCC staff meeting. The JPA members will also be invited to attend and/or participate in the public workshops to maintain an open dialogue and process. A formal PowerPoint presentation will be prepared to present the three suggested alternative sites, which will include the proposed project site, to bring forward for further analysis based on comments received, and per the results of the rough screening analysis. It is assumed this presentation will occur in the evening at City Hall, and that the Consultant project management team will attend and be prepared to respond to any questions from the JPA.

EFFLUENT DISPOSAL

Consultant will review relevant documents furnished by the City and MBCSD to update the recycled water demand (market) analysis and evaluate the extent and feasibility of beneficial reuse. The recycled water supply versus demand analysis will be documented in a concise memorandum and be a key consideration in the alternative rough screening evaluation. For the purposes of the rough screening analysis, the intent of the recycled water analysis is to evaluate coastal dependency and establish a basis for assessing feasibility of alternative projects. Development of specific potential recycled water projects and a recycled water feasibility study will be accomplished as described below under Phase 2 and Optional Tasks, respectively.

The recycled water supply analysis will be based on the MBCSD wastewater treatment plant located on Atascadero Road. The treatment, expected wastewater quality, and flows will be assumed as presented in the FMP Amendment 2. Irrigation uses will be considered seasonal while the industrial uses will be considered year round. The City will furnish relevant water quality data pertinent to irrigation water quality parameters including salinity, SAR, sodium, chloride, boron, bicarbonate, pH, ammonia, and nitrate. Constituents affected by the proposed WWTP upgrades, namely ammonia and nitrate, will be assumed based on design criteria defined in the FMP Amendment 2. The City will furnish updated irrigation and rainfall data necessary for defining recycled water demands.

Groundwater recharge and agricultural use will not be considered at this time, although the conclusions of previous groundwater studies and recent agricultural irrigation studies, furnished by MBCSD, will be reviewed and documented. Commentary will be provided on advanced water treatment requirements to meet water quality objectives for groundwater recharge and agricultural uses, and these issues will be further assessed in the context of applicable LCP policies during the fine screening analysis (Phase 2) and Substantial Issue Analysis/De Novo Hearing Preparation (Phase 3).

CCC COORDINATION

Consultant will assist the City and MBCSD with coordinating and facilitating issue resolution with CCC staff, including attendance and support at two (2) CCC staff meetings during the rough screening analysis process. Consultant will prepare written materials, correspondence, presentations, and graphics to respond to issues raised, and will facilitate discussion regarding CCC staff's policy interpretations and supplemental data/information requests to support the staff's review of the project.

PROJECT MANAGEMENT

Apart from project meetings with MBCSD staff, the Consultant project manager will provide monthly project assessments and status updates with regard to budget, timeline, and deliverables to track progress and

achievement of milestones. Consultant will keep a project log to track communications and outstanding action items. At all meetings, Consultant will take notes and prepare meeting minutes and summaries.

Along with the project log, the minutes/summaries will be submitted to the City and MBCSD staff for their review and comment to ensure identification of all necessary steps taken to resolve any potential issue, challenge, or obstacle.

DELIVERABLES

Dudek will provide an administrative draft of written and/or graphic project deliverables to MBCSD for review and comment. MBCSD staff will compile and forward all comments on draft deliverables to Dudek in a single transmittal, and Dudek will finalize the deliverables based on comments received prior to public distribution.

Rough Screening Evaluation

- Administrative Draft Rough Screening Evaluation Matrix and Summary Report (estimated at 15 pages, double-sided; 10 hardcopies in Word format, plus one electronic submittal in PDF format)
- Final Rough Screening Evaluation Matrix and Summary Report (estimated at 15 pages, double-sided; 27 hardcopies in Word format, plus one electronic submittal in PDF format)

Public Outreach

- Draft newspaper advertisement and agenda for public workshops (1/4 to 1/2 page; Word and PDF formats) to be submitted electronically to MBCSD staff for review and comment.
- Final newspaper advertisement and agenda for public workshops, incorporating staff comments (PDF format); assumes MBCSD staff will submit and provide payment directly to the Tribune and Bay News for print at least two (2) weeks prior to first public workshop.
- Draft WWTP site screening analysis public outreach brochure (2 pages maximum; Word and PDF formats) to be submitted electronically to MBCSD staff for review and comment.
- Final WWTP site screening analysis public outreach brochure incorporating staff comments (PDF format); assumes MBCSD staff will be responsible for any public mailings, posting of notices as deemed appropriate, and uploading onto the WWTP project website at least two (2) weeks prior to first public workshop. PowerPoint presentation describing candidate evaluation criteria, preliminary sites, purpose and intent of public workshops, and site screening work plan.
- Map boards and table top materials for the open forum/ breakout issue discussions held during each public workshop.

Phase 2: Fine Screening Alternative Sites Analysis

Consultant will complete the comprehensive alternatives analysis for the proposed project using a fine screening analysis of up to three selected sites, which is assumed to include the proposed project site. For the fine screening analysis, environmental and coastal resource/policy factors considered in the analysis may exceed those identified in the CCC's substantial issue determination to ensure any new, potentially feasible sites identified during the alternatives analysis do not result in previously unidentified environmental or coastal resource policy conflicts.

FINE SCREENING ANALYSIS (3 SITES)

The fine screening analysis will be based on site alternatives meeting additional, focused evaluation criteria and will include:

1. The current WWTP site (proposed project)
2. Two sites determined in the rough screening analysis to be most capable of meeting the project objectives while minimizing environmental impacts and engineering constraints.

The evaluation criteria presented herein are based on project objectives and the need for more technical and detailed analysis of LCP and CCA policy conflict issues presented in the CCC Appeal Staff Report, which would be augmented, as necessary, should any previously unidentified environmental or coastal resource impact issues be carried over for a particular site from the rough screening analysis.

The fine screening analysis will be conducted at a level of detail sufficient to demonstrate the proposed project's consistency with applicable LCP and CCA policies while ensuring project goals and objectives are achieved, and will thus support the Phase 2 Substantial Issue Analysis. As such, the fine screening analysis will be conducted concurrently with the technical analyses included in the phase 2 scope of work as applicable and noted below for each criterion. Each of the three alternative sites, including the proposed project site, will then be ranked based on predetermined weighting factors as determined in coordination with stakeholders, MBCSD and CCC staff, as well as the project manager.

Candidate Criteria for Evaluating Alternatives

- I. Avoid and minimize environmental impacts/LCP consistency analysis:
 - Coastal hazards (Coastal Hazards Technical Study)
 - Risk of flooding – 100-year storm event
 - Tsunamis
 - Shoreline erosion – sea level rise
 - Liquefaction
 - Public access, recreation, and visitor-serving uses
 - Traffic/parking
 - Objectionable odors
 - Opportunities to enhance recreation/visitor-serving resources
 - Visual resources
 - Public viewsheds
 - Significant landforms
 - Compatible design
 - Sustainable use of public resources
 - Maximize water reclamation (based upon updated potential recycled water user list prepared under Phase I, above)
 - Maximize treated wastewater disposal options
 - Biosolids treatment and reuse options
 - Greenhouse gas emissions/energy consumption
 - Cultural resources
 - Recorded archaeological and historical sites
 - Environmentally sensitive habitat areas (ESHA)
 - Water quality/groundwater basin recharge
 - Terrestrial resources/upland plant habitat
 - Marine habitat/ocean outfall.

2. Ability to accommodate existing and planned development through the life of the facility (based on Facility Master Plan Amendment #2 and Plant Capacity and Treatment Technology assessment)
3. Project implementability:
 - Maximize proposed project's ability to meet objectives
 - Compliance with the secondary treatment standards
 - Compliance with "Settlement Agreement for Issuance of Permits to and Upgrade of Morro Bay Cayucos Wastewater Treatment Plant"
 - Minimize project delays
 - Additional infrastructure requirements – wastewater collection/conveyance system (facilities/pipelines)
 - Acquisition of land
 - Regulatory permits and approvals
 - Public controversy.
4. Economic factors – minimize cost:
 - Capital cost (planning, permitting, design, property acquisition, construction, mitigation, renewed maintenance of the existing plant)
 - Life cycle cost (20 year timeframe) – to be used for comparison of alternatives, only; not for budgeting purposes.

CCC/CITY LCP PRELIMINARY CONSISTENCY ANALYSIS

The CCA includes the basic policies for managing and balancing the use of resources for state and national interests in California's coastal zone. CCA policies address coastal resource issues including public coastline access, coastal and inland recreation, low-cost visitor activities, protection and enhancement of sensitive habitats and species, water quality, and agricultural and visual resources. Development activities requiring a coastal development permit in the coastal zone are regulated by the CCC and local governments through their coastal development permit processes.

The City assumed coastal development permit authority in most areas within the City pursuant to its LCP certified in October 1982. As such, the City's certified LCP serves as the regulatory framework and standard of review for all development activities in the City that are subject to coastal development permit requirements, and the proposed project site (and potentially identified alternative sites) must also be found consistent with the public access and recreation policies of the CCA.

Building on the data and assessment produced through the alternatives analysis scope of work described above, and additional technical study generated through the following scope of work, the Consultant team will complete additional analysis of coastal resources potentially affected by the project. The analysis shall focus on resolving each policy conflict issue raised in the substantial issue determination and providing appropriate project detail and analysis to support CCC staff review of the proposed project and preparation of CCC staff report findings.

Coastal Hazards

The City's LCP requires that new development be located to minimize risks to life and property and ensure structural stability, and that it not create or contribute to geologic hazards of the site or surrounding area. The LCP further requires that new development, with some exceptions, be prohibited in 100-year floodplain areas, that grading be limited to the extent feasible, and that new development and/or existing structural hazards be designed to withstand natural and man-made hazards to acceptable levels of risk.

Review of alternative sites, including the proposed project site (up to three) and issue conformity will ensure appropriate project siting in accordance with LCP policies, including in the context of the project potentially being subject to coastal hazards associated with floodplain development, tsunami, wave uprush, shoreline erosion (with anticipated sea level rise), and liquefaction. Evaluation of potential coastal hazards for each alternative site considered during fine screening will be conducted according to the correlating task included in Earth Systems Pacific Scope of Work, Revised June 8, 2011 (attached).

Alternative sites not located in proximity to the shoreline may reduce impacts relative to coastal hazards, while the proposed coastal hazards technical study (see scope of work below) and additional analysis may confirm the proposed project site is appropriate for the project by demonstrating the proposed project is located and designed to avoid or minimize risks associated with coastal hazards.

The proposed project and alternative sites (up to three total) will be assessed at an equal level of detail for potential impacts associated with coastal hazards. The Consultant shall review and summarize data and reports previously prepared for the proposed project, and prepared pursuant to this scope of work, to analyze the proposed project and alternative sites for consistency with applicable LCP policies. The analysis shall:

- Consider site-specific and project design features to assess whether the project is/can be designed to ensure geologic and structural integrity while minimizing grading to the extent feasible
- Determine if the project would be subject to existing or future wave uprush or shoreline erosion impacts for any sites in proximity to the shoreline
- Determine if a shoreline protection device would be required to protect the project site over the design life of the project
- Ensure adequate mitigation has been required to address potential tsunami risks (i.e., tsunami evacuation plans).

Public Access and Recreation

City LCP and CCA policies require new development to maximize public access to and along the shoreline and to protect oceanfront land for public access and recreation. Various factors are considered when applying coastal access and recreation policies, including: 1) the physical availability of access and recreation areas; 2) the ability of the public to reach and utilize these sites (via pedestrian, bike, and vehicular corridors); 3) parking availability; 4) provision of other support facilities, such as restrooms and picnic areas; 5) addressing user demands and conflicts; and 6) maintenance of a diversity of coastal recreation experiences.

The proposed project and alternative sites (up to three total) will be assessed at an equal level of detail for potential impacts to public access and recreational resources in the project area, as well as for opportunities to protect and enhance these resources pursuant to applicable CCA and LCP policies. The analysis will consider how the proposed project construction and operation may adversely or positively affect the various factors affecting the public's right to access and use the shoreline and other recreational facilities in the project area, including changes in visual or usable open space or recreational facilities, odor and noise impacts to adjacent recreation sites, availability of support facilities, and the potential for project construction and operation traffic to compete with access opportunities.

Visual Resources

The City's LCP requires the scenic and visual qualities of the coast to be protected, and further requires development to be sited and designed to protect views from public roads and open spaces to and along the ocean and other coastal areas. The proposed project involves new construction immediately adjacent to multiple areas in the City that are used by the public for coastal access and recreation, including on a street

designated in the LCP as providing scenic views. In addition, views from the dunes looking inland across the site include mountain ridgelines and other coastal resources, including Morro Rock, a significant visual, geologic, and cultural landform. The site is also visible from Highway 1.

The review of alternative sites and issue conformity will ensure appropriate project siting and location is considered in regard to the best and highest use of that site in accordance with LCP policies, including its relation to potential significant coastal visual resources and/or public views. Sites located further inland may reduce impacts to visual resources along the coast, while alternative design features, such as reduced building height, scale, and bulk; location of open space areas; and use of appropriate landscaping and architectural materials may further ensure development minimizes impacts to the extent feasible.

The proposed project and alternative sites (up to three total) will be assessed at an equal level of detail for potential impacts to public visual resources in the project area through identification of key, public vantage points and photo-documentation, as well as for opportunities to protect and enhance visual resources pursuant to applicable LCP policies. (Completion of 3-dimensional visual simulations are not included within this scope of work, but can be provided as an Optional Task subject to separate scope and fee upon request.)

Preliminary Water Reclamation Project Analysis (Sustainable Use of Public Resources)

The City's certified LCP indicates the use of reclaimed water should be required as part of a wastewater plant upgrade or permit condition, or when it is shown as cost-effective for City use. The LCP further specifies that the City's environmentally sensitive habitat areas shall be maintained and, where feasible, restored through, among other means, maintenance and enhancement of the quantity and quality of Morro and Chorro groundwater basins.

The consultant shall prepare a preliminary water reclamation project analysis that relies upon the 1999 recycled water feasibility study. This preliminary analysis would be sufficient to address the Sustainable Use of Public Resources component of the LCP for the proposed project and alternative sites (up to three total). The analysis will be based on the updated assessment of potential demand for reclaimed water prepared under Phase I above and the various issues and benefits associated with implementing a water reclamation program, including the feasibility of constructing infrastructure to accommodate a water reclamation program. Potential reclaimed water projects will be focused on irrigation and industrial uses. The conclusions of previous studies relative to groundwater basin recharge and potential benefits to stream habitats and water supply will be reviewed and summarized in the analysis. The analysis will summarize potential revenue generation and impacts of salt/nutrient loading on a potential reclaimed water program. Recycled water quality is understood to be insignificantly different from the 1999 study and further evaluation is not expected to be necessary. Commentary will be provided on the recycled water quality relative to agricultural uses – the City will furnish recent water quality analysis for Consultant's reference.

Recycled water potential project alternatives will be developed in the context of the WWTP siting study. The alternatives will be based on Title 22 acceptable uses and the respective level of treatment. The alternatives will include the upgrades proposed in the current project, agricultural irrigation uses (considering advanced water treatment), and stream flow augmentation, specifically for Morro Creek and Chorro Creek, including advanced treatment. The alternatives will be documented and planning-level estimates generated to allow for financial consideration of the complete or phased system. Recycled water rate analysis, if deemed necessary, will be accomplished under separate authorization.

The following assumptions are made:

- MBCSD will provide electronic copies of previously completed studies.

- MBCSD will furnish wastewater flowrates for individual sewersheds, as applicable.
- MBCSD will provide updated water quality information for wastewater. The water quality is anticipated to be generally similar to that reported in the 1999 study. Significant changes are not expected.
- MBCSD will review and update the list of potential reuse sites previously identified in the 1999 study. Significant changes are not anticipated. Customer outreach is not included.
- Pipeline distances will be estimated based on the 1999 study and GIS mapping using readily available aerial photographs and databases.
- No JPA or public outreach meetings are scoped specifically for the recycled water analysis; however, the results of the Preliminary Water Reclamation Project Analysis will be included in the second JPA meeting presentation.

Archaeological Resources

The City's LCP requires that significant archaeological and historic resources be preserved to the greatest extent possible, and that all available measures, including purchases, tax relief, and purchase of development rights, etc., be explored to avoid development on significant archaeological sites.

The proposed project and alternative sites (up to three total) will be assessed at an equal level of detail for potential impacts to archaeological and historic resources. Consultant's archaeologists shall review and summarize data previously prepared for the proposed project. Background research including a records search of recorded cultural resources in the alternative sites will be prepared pursuant to this scope of work. This will provide equivalent data to assess and compare the project and project alternative's potential impacts on cultural resources. Any additional siting, design and/or mitigation measures to avoid or minimize impacts to cultural resources consistent with LCP policies will be identified.

COASTAL DEPENDENT DEVELOPMENT

The City's LCP dictates that the existing WWTP shall be protected in its current location because a critical operational component of the WWTP, the ocean outfall, is a coastal-dependent use.

The review of alternative sites and issue conformity will ensure appropriate project siting and location is considered in regard to the best and highest use of the proposed project and alternative sites (up to three) in accordance with LCP policies, in the context of new technologies and more aggressive water reclamation, and determination of whether or not the project is truly coastal-dependent. Consultant shall evaluate the feasibility of returning treated wastewater effluent to beneficial uses and whether or not the project is coastal dependent (i.e., whether or not an ocean outfall is a necessary component of the project).

The evaluation will summarize the potential for use of wastewater effluent (reclaimed water) for groundwater enhancement, agricultural irrigation, residential and municipal landscaping, and maintenance, as well as enhancement of water quality and biological resources associated with Chorro and Morro groundwater basins to determine the potential for beneficial uses in the context of possibly eliminating the need for an ocean outfall, and therefore assess the coastal dependency of the project.

ESHA/WATER QUALITY

The City's LCP specifies that ESHA shall be maintained and, where feasible, restored through, among other means, maintenance and enhancement of the quantity and quality of Morro Bay and Chorro Valley

groundwater basins. Analysis to address issues associated with the sustainable use of public resources and coastal-dependent development, as described above, will also serve to assess the proposed project's consistency with applicable LCP policies relative to protection and enhancement of ESHA and water quality. Consultant shall also evaluate the steps taken by the City to protect and/or minimize impacts to adjacent sensitive habitat areas, and will discuss the relationship of the WWTP to groundwater basins, watercourses, and other water supply features and how the project could affect such resources.

COASTAL HAZARDS TECHNICAL STUDY

Consultant shall provide analysis of the substantial geologic issues, as identified in the CCC appeal staff report, of the site currently proposed for the WWTP. Evaluation of potential coastal hazards of the site currently proposed for the WWTP will be conducted according to the correlating task included in Earth Systems Pacific Scope of Work, Revised June 8, 2011 (attached). This will include a comprehensive coastal hazards study, taking into consideration expected shoreline erosion over the life of the project and incorporating anticipated impacts related to global climate change and projected rises in sea level.

The study will include the elevation and inland extent of storm surge and flooding that might occur over the expected life of the project, including interactions among and combinations of hazardous conditions, such as high tides and storm surges. Factors to be considered include an eroded beach, a 100-year storm event (or the equivalent of the 1982–1983 El Niño event), an extreme high tide, and the projected 100-year rise in sea level based upon both optimistic and conservative estimates.

CCC COORDINATION

Consultant will assist the City and MBCSD with coordinating and facilitating issue resolution with CCC staff, including attendance and support at one (1) CCC staff meeting to be held following completion of the fine screening alternatives evaluation, and preliminary substantial issue analysis. Consultant will prepare written materials, correspondence, presentations, and graphics to respond to issues raised, and will facilitate discussion regarding CCC staff's policy interpretations and supplemental data/information requests to support the staff's review of the project and preparation of CCC staff report findings.

PROJECT MANAGEMENT

Apart from project meetings with MBCSD staff, the Consultant project manager will provide monthly project assessments and status updates with regard to budget, timeline, and deliverables to track progress and achievement of milestones during the fine screening and technical documentation processes. Consultant will keep a project log to track communications and outstanding action items. At all meetings, Consultant will take notes and prepare meeting minutes and summaries.

Along with the project log, the minutes/summaries will be submitted to the City and MBCSD staff for their review and comment to ensure identification of all necessary steps taken to resolve any potential issue, challenge, or obstacle.

PUBLIC OUTREACH

The fine screening analysis will include the following opportunities for additional public input and team/CCC staff collaboration:

- Public workshop presentation no. 3
 - Held in the evening to present the candidate criteria for fine screening analysis of the three feasible alternative sites, including the proposed project site
- Presentation at JPA meeting no. 2

- To brief the JPA on the public workshop and preliminary conclusions of the fine screening analysis, Preliminary Water Reclamation Project Analysis, and preferred WWTP site selection.
- CCC staff meeting no. 3
 - To be held following the above public meetings as an informational item to discuss the results of the alternatives analysis.

The public workshop proposed during the fine screening analysis phase is intended to provide the public with an opportunity to weigh in on the candidate criteria to be applied during completion of the fine screening analysis, with clear direction that the analysis would be conducted at an equal level of detail for evaluation of the three feasible alternative sites, and in accordance with CCA directives. Consultant shall prepare supporting materials, including a formal PowerPoint presentation discussing the approach, methodology, and candidate criteria. The public workshop is assumed to be held in the evening at City Hall, and will be attended by the Consultant project manager, phase I task leader, and additional key staff.

The second presentation to the JPA would occur following completion of the fine screening evaluation, and would reflect input received from the public during the public workshops. The preliminary conclusions of the fine screening analysis, including the preferred WWTP site would be presented to the JPA for consideration through use of a formal PowerPoint presentation. It is assumed this presentation will occur in the evening at Morro Bay or Cayucos, and that the Consultant project management team will attend and be prepared to answer questions raised by the JPA.

It is assumed the final (third) meeting with CCC's Central Coast District staff will be held to discuss the preliminary conclusions of the fine screening analysis at the local CCC office in Santa Cruz, and will be attended in person by the Consultant project manager, with the phase I task leader and additional key staff attending in person and/or participating remotely through a teleconference line.

DELIVERABLES

Dudek will provide an administrative draft of written and/or graphic project deliverables to MBCSD for review and comment. MBCSD staff will compile and forward all comments on draft deliverables to Dudek in a single transmittal, and Dudek will finalize the deliverables based on comments received prior to public distribution.

Fine Screening Evaluation

- Administrative Draft Fine Screening Evaluation Matrix and Summary Report (estimated at 30 pages, double-sided; 10 hardcopies in Word format, plus one electronic submittal in PDF format)
- Final Fine Screening Evaluation Matrix and Summary Report (estimated at 30 pages, double-sided; 27 hardcopies in Word format, plus one electronic submittal in PDF format)

Public Outreach

- Draft newspaper advertisement and agenda for public workshop (1/4 to 1/2 page; Word and PDF formats) to be submitted electronically to MBCSD staff for review and comment.
- Final newspaper advertisement and agenda for public workshop, incorporating staff comments (PDF format); assumes MBCSD staff will submit and provide payment directly to the Tribune and Bay News for print at least two (2) weeks prior to public workshop.

- Draft WWTP site screening analysis public outreach brochure (2 pages maximum; Word and PDF formats) to be submitted electronically to MBCSD staff for review and comment.
- Final WWTP site screening analysis public outreach brochure incorporating staff comments (PDF format); assumes MBCSD staff will be responsible for any public mailings, posting of notices as deemed appropriate, and uploading onto the WWTP project website at least two (2) weeks prior to first public workshop.
- PowerPoint presentation to JPA describing candidate evaluation criteria, public input received, and results of site screening evaluation, including the preferred WWTP site.

Phase 3: Substantial Issue Analysis/ De Novo Hearing Preparation

The CCC's *Appeal Staff Report, Substantial Issue Determination* identified substantial issue with respect to the City's approval of a coastal development permit for the proposed project, on the basis of inconsistency with the CCA and/or certified LCP policies. Accordingly, the City has been directed by the CCC to provide additional project details and analysis deemed necessary to evaluate the proposed project for consistency with the LCP and the public access and recreation policies of the CCA before the CCC will review the proposed project in a *de novo* hearing context.

CCC/CITY FINAL LCP CONSISTENCY ANALYSIS

Building on the data and assessment produced through the phase 1 and phase 2 alternatives analysis scope of work, and additional technical study generated through the phase 2 scope of work, including the preliminary LCP consistency analysis conducted on the three alternative sites, including the proposed project site, the Consultant team will complete any additional policy analysis required to resolve outstanding policy conflicts for coastal resources potentially affected by the proposed project. The analysis shall provide appropriate project detail and analysis to support CCC staff review of the proposed project and preparation of CCC staff report findings.

In addition, because the CCC's *de novo* review of the proposed project is not limited to only those policy consistency issues identified in the substantial issue determination, Consultant shall prepare a policy consistency analysis for all CCA and LCP policies potentially applicable to the proposed project. The CCA and LCP consistency analysis will include close coordination with the City and MBCSD to identify options and opportunities for addressing and resolving potential policy conflicts, including design options, project phasing, and mitigation.

Water Reclamation

Focused evaluation of sustainable use of public resources requires a comprehensive analysis to comprehend the potential for and constraints to using disinfected tertiary treated wastewater to maximize overall water supply and resource management objectives. By evaluating previous studies and available data, the existing conditions of the watershed(s) within the MBCSD sphere of influence will be defined.

In particular, available groundwater, surface water, soils, parcels, land use, sewer, and water data will be evaluated using GIS to assist with interpretation and identification of a wide range of potential uses for disinfected tertiary treated wastewater – potential users are anticipated to be predominantly those identified in the 1999 study with minimal additions. All LCP policies regarding water reclamation, including agricultural irrigation inside and/or outside the MBCSD service area, injection wells, and residential and municipal landscaping, among other uses, will be taken into consideration.

Groundwater Basin Recharge

Previous studies have documented the constraints of groundwater recharge, which include low-permeability soils outside stream channels, limited storage capacity of thin alluvial sediments, high groundwater levels, and well spacing throughout the groundwater basins that do not meet the well-setback guidelines developed by the state Department of Public Health. Given these constraints and the existing conditions of the groundwater basins, injection well(s) and percolation basin(s) alternatives will be evaluated.

A survey of contemporary groundwater recharge programs and implications to the MBCSD project will be presented. Potential project impacts include advanced water treatment (beyond tertiary), relocation of existing domestic wells, and contaminant loading. Benefits to saltwater intrusion will be reviewed relative to current groundwater basin use.

Irrigation

The certified LCP directs the City to participate in the efforts of the California State Coastal Conservancy or other public or private agencies to implement agricultural enhancement programs, including but not limited to assistance programs that include water subsidies and recycling methods. The California Water Recycling Criteria (specified in Title 22 of the California Code of Administration) allows for 43 specified uses of recycled water, including irrigation of all types of food crops. The criteria include different water quality requirements for irrigation of each type of crop: those eaten raw, those receiving processing before consumption, and those not involving any human contact before industrial processing.

Analysis will include a discussion of the beneficial uses of reclaimed water for agricultural purposes; an evaluation and suitability analysis on its application to proposed agricultural products; and discussion of its sustainability, energy conservation aspect, and beneficial nutrients needed by the crops—nitrogen, phosphorus, and micronutrients. In addition, the evaluation will take into consideration the potential limitations of recycled water application in standard agronomics, which is similar to other sources of irrigation water, including salinity, sodicity, and presence of specific ions in higher concentrations than allowed.

Salt/Nutrient Loading

There is significant incentive for wastewater treatment plants to recycle effluent in order to comply with stringent discharge requirements involving removal of minute concentrations of heavy metals and organic compounds through imposition of total maximum daily load regulations. The upper layer of farm soil and its rich microbial population can handle organic compounds that would otherwise be unhealthy if discharged to a surface water body, such as a river, lake, or ocean, thereby further incentivizing reclaimed water in agricultural applications. Soil precipitates, absorbs, digests, hydrolyzes, or decomposes organic compounds. Preliminary discussion of salt and nutrient loading issues will be addressed in recognition of the fact that a larger, separate region-wide effort is required beyond the scope of this project. Development of a salt and nutrient management plan for impaired groundwater basins is a requirement of the recycled water policy adopted by the State Water Resources Control Board (SWRCB) in 2009. The recycled water policy requires that salt and nutrient management plans be developed to manage salts, nutrients, and other significant chemical compounds found in recycled water on a watershed or sub-watershed basis. Hence, within the limited confines of this proposed project, the scope of work is restricted to assessment of background studies and data. Presently, data is collected by federal, state, and local agencies, as well as local water users. Publically available monitoring plans will be evaluated; further, the gaps in data or other data needs will be assembled and a list of potential constituents of concerns (i.e., sodium, chloride, and nitrate) will be generated. The City will furnish relevant recent groundwater monitoring reports that provide descriptive data on the major groundwater basins with respect to both hydrogeologic characteristics and groundwater quality. These documents are expected to provide sufficient data for groundwater analysis and no further data collection is anticipated to be necessary.

CCC COORDINATION/HEARING SUPPORT

Consultant will assist the City and MBCSD with coordinating and facilitating issue resolution with CCC staff, including attendance and support at up to two (2) CCC hearings to present the proposed project for *de novo* review and approval. Consultant will coordinate with the project team to prepare presentation materials and written correspondence in response to public comment and/or Coastal Commission staff recommendations for presentation to the Coastal Commission, as needed. The project schedule reflects the expectation that Coastal Commission staff will decide to docket the proposed project at the next available local hearing in Santa Cruz, with a follow-up hearing, if necessary, scheduled in nearby Santa Barbara.

PROJECT MANAGEMENT

Apart from project meetings with MBCSD staff, the Consultant project manager will provide monthly project assessments and status updates with regard to budget, timeline, and deliverables to track progress and achievement of milestones. Consultant will keep a project log to track communications and outstanding action items. At all meetings, Consultant will take notes and prepare meeting minutes and summaries.

Along with the project log, the minutes/summaries will be submitted to the City and MBCSD staff for their review and comment to ensure identification of all necessary steps taken to resolve any potential issue, challenge, or obstacle.

DELIVERABLES

Dudek will provide an administrative draft of written and/or graphic project deliverables to MBCSD for review and comment. MBCSD staff will compile and forward all comments on draft deliverables to Dudek in a single transmittal, and Dudek will finalize the deliverables based on comments received prior to public distribution.

- Draft CCC *De Novo* Hearing Submittal packet, including Final LCP Consistency Analysis (estimated at 30 pages, double-sided; 10 hard copies to be provided to MBCSD staff)
- Final CCC *De Novo* Hearing Submittal packet (estimated at 30 pages, double-sided; 10 hardcopies in Word format, plus one electronic submittal in PDF format; assumes MBCSD direct submittal to CCC staff)
- PowerPoint presentation for CCC hearings.
- OPTIONAL TASK 1: Updated 2011 Water Reclamation Feasibility Study
- OPTIONAL TASK 2: Alternative site massing model visual simulations (6)

OPTIONAL TASK 1: UPDATED 2011 WATER RECLAMATION FEASIBILITY STUDY

The *Cayucos/Morro Bay Comprehensive Recycled Water Feasibility Study* (Carollo 2000) thoroughly evaluated water quality and potential recycled water users, as well as narrowed feasible "projects." The study concluded, however, that recycled water was not economically viable at that time. The *Wastewater Treatment Plant Upgrades, Facility Master Plan* (Carollo 2007) and subsequent two amendments (MWH 2010) incorporate treatment processes for recycled water, but leave recycled water feasibility to further evaluation.

Upon request by MBCSD, and as a separate scope item, Consultant would prepare an update to the 1999 recycled water feasibility study sufficient to re-address Sustainable Use of Public Resources component of the

LCP. The study work scope described below will be modified later in the process of the project when more information is obtained from the public process, feedback from the CCC and evaluation of rough and fine screened sites. The work scope below represents the full range of potential issues that may be examined.

The updated 2011 recycled water feasibility study will tier off previous studies and accomplish the following:

- Review and update the list of potential recycled water users identified in the 1999 study with input from MBCSD focused on irrigation and industrial users. Potential users will be mapped and probable recycled water demand quantified. The following assumptions are identified in context of scoping Consultant work:
 - Update will utilize the potential recycled water customers documented in the 1999 study. It is assumed that most previously identified customers will still be valid and only minimal updates to the list will be required. No new significant demands will be added to the list.
 - MBCSD will review and confirm the water usages documented in the 1999 study – significant changes in the water usage will be corrected using City-furnished data.
 - Existing GIS data will be furnished to Dudek, as available.
- Review conclusions regarding groundwater basin recharge and stream flow/estuary enhancement and identify criteria that may have changed feasibility of these alternatives. Study is limited to published literature on the local water basins – no new data collection, groundwater measurement, or stream flow measurement is included. Contemporary groundwater recharge criteria will be used based on current permitted projects in California.
- Review water quality objectives for identified recycled water users presented in the 1999 study. Customer outreach is limited to major potential customers, demands greater than 10 AFY.
- Comment on updates to recycled water regulations relative to the proposed project(s).
- Establish conceptual design-level infrastructure requirements to implement a recycled water project, including transmission piping and storage. Up to three conceptual reuse program alternatives will be developed. Dudek will work with the City during the study to establish a baseline minimum feasible program capacity, initially assumed to be approximately 300AFY and limited to tertiary treatment water quality. It is noted that secondary effluent and advanced water treatment alternatives were not considered economically viable in prior studies and it is assumed that further development of those alternatives will not be required at this time.
- Update recycled water project costs for feasible projects. Capital costs will be updated using data prepared in prior studies.

Major components to be considered in the updated 2011 recycled water feasibility study include water reclamation initiatives, groundwater basin recharge feasibility, potential irrigation demands, and salt/nutrient loading on stream flow and groundwater basin.

OPTIONAL TASK 2: VISUAL SIMULATIONS

Upon request by MBCSD, and as a separate scope item, Consultant would create six (6) photographic simulations for the rough screening alternative sites analysis (three simulations for two alternative sites; no new simulations would be prepared for the proposed project site). The 3d simulations would include existing site photographs as backgrounds and true scale 3d models rendered into the background photos. The simulations would consist of massing models only and would not have any architectural features. Only mass grading, walls and roofs would be modeled. No texture maps or landscaping would be added.

It is assumed that AutoCAD drawings would be submitted to Consultant for the proposed improvements. Civil drawings shall include existing topography, proposed site plan, and grading plan.

EXHIBIT B

FEES AND EXPENSES

DUDEK

Project Name WWTP Upgrade - CCC Appeal Support
 Client: City of Morro Bay/Cayucos Sanitary District
 Date: 6/9/2011

Tasks	Emp Employee	Total	Subs ¹ Earth Systems Pacific	ODCs ²	Total
Task 1: Phase 1 Rough Screening Analysis					
Task 1.1 Rough Screening Analysis (10 sites)					
Environmental Constraints/ Prelim LCP Cons		142	\$10,000	\$2,450	\$34,810
Logistics/Economic Factors/Project Implemer		148			\$23,400
Task 1.2 Effluent Disposal (Initial Recycled Water Evaluatio		64			\$10,000
Task 1.3 Rough Screening Public Outreach					
Public Worksh		96	\$580	\$635	\$16,855
Coastal Commission Staff Meet		74	\$580	\$965	\$14,085
Presentation to		52	\$580	\$285	\$9,105
Task 1.4 CCC Coordination		40			\$6,840
Task 1.5 Project Management		62		\$395	\$8,715
Task 2: Phase 2 Fine Screening Analysis					
Task 2.1 Fine Screening Analysis (3 sites)					
Coastal Hazards (Geotechnical/Ge		8	\$13,000		\$14,440
Public Access and Red		34			\$5,960
Visual Res		46			\$6,920
Biological/Marine Res		68			\$10,700
Land Use Comp		36			\$5,440
Agricultural Res		34			\$5,000
Cultural Res		48		\$250	\$7,370
Sustainable Use of Public Resources/GHG/Energy Consu		142			\$23,580
Plant Capacity and Treatment Tech		86			\$13,260
Economic Analysis (Life Cycle		106			\$16,660
Task 2.2 Preliminary Coastal Act/LCP Consistency Analysis		48			\$7,920
Preliminary Water Reclamation Project A		134			\$21,060
Task 2.3 Coastal Dependent Development		12			\$2,080
Task 2.4 ESHA/ Water Quality		32			\$5,200
Task 2.5 Coastal Hazards Technical Study		4	\$6,000		\$6,720
Task 2.6 Fine Screening Public Outreach					
Public Works		56	\$580	\$565	\$10,305
Coastal Commission Staff Mea		32		\$265	\$5,565
Presentation to		42	\$580	\$215	\$7,635
Task 2.7 CCC Coordination		40			\$6,840
Task 2.8 Project Management		60		\$375	\$8,335
Task 3: Phase 3 Substantial Issues Analysis/ De Novo Hearing Preparation					
Task 3.1 Final Coastal Act/LCP Consistency Analysis		40			\$6,600
Task 3.2 Coastal Commission Coordination/Hearing Suppo		80	\$2,320	\$790	\$16,390
Task 3.3 Project Management		50		\$275	\$7,695
Total Hours		1916	n/a	n/a	n/a
TOTAL LABOR & DIRECT COSTS		n/a	\$34,220	\$7,465	\$345,485
OPTIONAL Task 1: Updated Water Reclamation Feasibi Study		304			\$49,100
OPTIONAL Task 2: Visual Simulations (6)				\$370	\$8,470

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City/District in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to City/District

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy from CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City/District for injury to employees of Consultant, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of City/District following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Insurance procured pursuant to these requirements shall be written by insurer that are admitted earners in the state California and with an A.M. Best's rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and City/District agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds the City of Morro Bay and the Cayucos Sanitary District, and their officials employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all Consultants, and subcontractors to do likewise.

2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City/District regardless of the applicability of any insurance proceeds, and to require all Consultants and subcontractors to do likewise.

3. All insurance coverage and limits provided by Consultant and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City/District or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City/District and approved of in writing.

5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any Consultant or subcontractor.

6. All coverage types and limits required are subject to approval, modification and additional requirements by the City/District, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City/District's protection without City/District's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to City/District at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City/District has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by City/District shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City/District's option.

8. Certificate[^]) are to reflect that the insurer will provide 30 days notice to City/District of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.

9. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self insurance available to City/District.

10. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to City/District for review.

11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Consultant, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to City/District. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the City/District. At the time the City/District shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

12. The City/District reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City will negotiate additional compensation proportional to the increase benefit to City/District.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

14. Consultant acknowledges and agrees that any actual or alleged failure on the part of City/District to inform Consultant of non-compliance with any insurance requirements in no way imposes any additional obligations on City/District nor does it waive any rights hereunder in this or any other regard.

15. Consultant will renew the required coverage annually as long as City/District, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City/District executes a written statement to that effect.

16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City/District within five days of the expiration of the coverages.

17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City/District, its employees, officials and agents.

18. Requirements of specific coverage features or limits contained in this section are not

intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

19. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City/District or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City/District. It is not the intent of City/District to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City/District for payment of premiums or other amounts with respect thereto.

22. Consultant agrees to provide immediate notice to City/District of any claim or loss against Consultant arising out of the work performed under this agreement. City/District assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City/District.