



California

ITEM NO. 4

CITY OF OCEANSIDE

MAYOR AND COUNCIL WORKSHOP

MARCH 12, 2014

ADJOURNED MEETING 2:00 PM COUNCIL CHAMBERS

**2:00 PM - OCEANSIDE CITY COUNCIL
- WORKSHOP**

Mayor

Jim Wood

Deputy Mayor

Esther Sanchez

Councilmembers

Jack Feller
Jerry Kern
Gary Felien

City Clerk

Zack Beck

Treasurer

Gary Ernst

City Manager

Steve Jepsen

City Attorney

John Mullen

The adjourned meeting of the Oceanside City Council was called to order at 2:01 PM, Wednesday, March 12, 2014.

2:00 PM - ROLL CALL

Present were Mayor Wood and Councilmembers Kern and Feller. Councilmember Felien arrived at 2:07 PM. Deputy Mayor Sanchez arrived at 2:10 PM. Also present were City Manager Jepsen, City Attorney Mullen and City Clerk Beck.

WORKSHOP ITEMS:

1. Public Input on City Council Agenda Items

MIKE MOORE, 1786 Laurel Road, is a business owner, Commissioner of the Economic Development Commission and resident of Oceanside. He spoke regarding the potential update to the General Plan and zoning requirements, and promoting business within the City.

JIMMY KNOTT, 127 Sherri Lane, spoke regarding the needs of the Utilities Commission; the murder rates; gangs and domestic violence in the City; and the SANDAG report on poverty in the region.

NADINE SCOTT, 550 Hoover Street, spoke regarding the General Plan and the Coast Highway plan.

2. FY 2014-15 Budget Prioritization Process

TERRI BIANCO, TB Enterprises, provided a Summary Report to describe the

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process and results, as incorporated below, including various attachments:

Terri Bianco 

trainer facilitator writer coach

tbenterprises 2033 ceres way sacramento ca 95864 916.359.3007 916.955.9834 – cell terri@terribianco.com terribianco.com

March 24, 2014
Michelle Skaggs-Lawrence, Deputy City Manager
City of Oceanside
300 North Coast Highway
Oceanside, CA 92054

Dear Michelle:

This is a Summary Report of the process and results of your City Council Budget Priorities session held March 12, 2014. A list of attachments is included in the summary.

Process

After initial discussions with you and City Manager Steve Jepsen, I conducted interviews of each of the five Councilmembers ahead of the budget priority session. The **Interview Questions** were consistently asked of each Councilmember. The purpose of these interviews was to:

- Discover the individual and collective strengths of the Council - what are the assets, what is working?
- Confirm each Councilmember's acceptance of the existing five goals for the City or elicit any recommended modifications.
- Gain a list of each Councilmember's top five budget priorities for fiscal year 2014-2015.
- Achieve buy-in by those participating in the upcoming session.
- Develop rapport with the facilitator prior to the session.
- Ensure the design of the session is relevant and meaningful to all.
- Start the thinking process leading up to the session allowing for more efficient use of time.

The interviews sought to have Council identify individual and community strengths along with their accomplishments, overarching goals, expectations, and desired outcomes of the session. These were captured and included in the Session Packet provided on March 12, 2014.

Prior to the interview, you provided nine categories of budget items and requested that each Councilmember identify the important priorities under each category during the interview process. These were captured individually and then aggregated into Council priorities, as described below.

Individual Councilmember Budget Priorities

Councilmembers identified their **individual priorities** in each of the nine categories of budget items. Any comments they made about these priorities were also captured and are shown in *italics* and are attached.

Council Budget Session 3-12-14

At the Council Budget Session, Councilmembers were given a brief overview of the process undertaken prior to the session (generally described above), and were given an opportunity to step back and reflect on the bigger picture of why they had chosen to be a City of Oceanside Councilmember ("Why Oceanside?" activity), and reviewed the individual and community strengths identified in their Session Packets.

They were read the Mission, Vision, and Values of the City of Oceanside and were in consensus that they should remain as is.

Each Councilmember then received his or her individually identified Council priorities from the interviews and were given the opportunity to modify, delete, or add to that list. They were provided a copy of the original list of Budget Priorities as a reference (blue sheet).

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Council then received the aggregate list of Council Budget Priorities within each category, including any items added. The facilitator recreated this list of Budget Priorities on flip charts and indicated on the charts the number of Councilmembers who identified each item as important. Example: if three Councilmembers indicated that Additional Patrol Services were required under the Police Category, the number "3" was added to the flip charts.

Financial Review

Prior to ranking the priorities, the City Manager and Financial Director gave an overview of the City's current finances displayed on a chart.

Dot-Ranking of Priorities

Council then participated in an exercise whose directions were to indicate their top priorities in each category.

This ranking exercise served as an opportunity for City Manager Jepsen to clarify why the items were included, to relate their status, and to define in more detail the items so as to gain an understanding from Council discussion as to the direction and reason for their own prioritization.

A **Summary of the Council Ranking** is attached.

Thank you for the opportunity to facilitate the City of Oceanside Council Budget Priorities Session. I trust this information is helpful to you as you move forward with your budget process.

Sincerely,

Terri Bianco
President/Principal Consultant

Attachment A: Summary of Council Priorities
Attachment B: Council Priorities from Interviews
Attachment C: Council Interview Questions

ATTACHMENT A

Summary of Council Ranking

Police

1. Add additional patrol services for the downtown & expand homeless outreach
2. Add additional gang prevention officers
3. Enhance neighborhood policing
4. Enhance traffic patrol

Fire

1. Implement Citywide RCS radio replacement program
2. Plan for apparatus replacement
3. Fix overtime
4. Assess squad deployment (vs big truck replacement)

Economic Development

1. Enhance sales tax revenue
2. Create more jobs
3. Attract more business to City
4. Implement additional streamlining efforts
5. Develop promotional and image strategies
6. Restore Economic Development Director

Infrastructure

1. Restore building maintenance funding (\$150,000)
2. Implement more energy efficiency options & focus on infrastructure improvements (tie)
3. Implement the sub area plan

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Utilities

1. Continue to develop local water supply
2. La Salina Treatment Plant
3. Complete a water conservation plan
4. Implement CIP & implement a Zero Waste plan (tie)

Transportation

1. Take care of deferred road maintenance
2. Enhance the road system capacity
3. Implement Oceanside Blvd at Coast Hwy improvements/beautification
4. Implement Mission Ave. improvements
5. Complete Coast Hwy planning

Capital Projects/Public Facilities

1. Implement railroad Quieter Zones
2. Complete new beach restrooms
3. Set aside annual funds for future sand replenishment
4. Fund for long term SLR maintenance (\$100,000) efforts
5. Build Fire Station 8 & develop economic development opportunities in Libby Lake, Eastside and Crown Heights (tie)
6. Complete the Beach Resort project & Build Fire Station 1
7. Implement the future plan for El Corazon; update current aquatics facilities; build a new aquatics facility; put a kitchen in at the El Corazon Senior Center (tie)

Community Services

1. Enhance graffiti eradication
2. Update General Plan
3. Implement proactive code enforcement (blight garage conversions)
4. Develop a strategy for homeless issues in the downtown and SLR River
5. Conduct alley clean ups - large items
6. Restore neighborhood traffic calming programs & complete the Mission Cove affordable housing project (tie)

Administrative Services

1. Enhance technology to increase productivity
2. Add City personnel back (positions lost)
3. Add online payment services & implement a 2-year budget (tie)
4. Implement a wellness program; add a Public Information Officer; Standardize monthly budget reports (tie)
5. Create a City app
6. Expand WIFI

ATTACHMENT B

Council Priorities from Interviews
Budget Priorities Session
March 12, 2014
Terri Bianco, Facilitator

Mayor Jim Wood

CITY OF OCEANSIDE
COUNCIL BUDGET PRIORITIES

POLICE

Additional gang prevention services (2 officers)
Enhance neighborhood policing (1 officer)
Add one School Resource Officer (1 Sgt) *if paid by school*

FIRE

Implement Citywide RCS - radio replacement (\$8.5M) *(enhanced over a period of years)*
Apparatus replacement (\$500K)
Squad response (big truck alternative)

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ECONOMIC DEVELOPMENT

Enhance sales tax revenue – *½ cent sales tax; paid by tourism. Can be approved if understood.*

Restore Economic Development Director
Additional streamlining development/plan review

INFRASTRUCTURE

Implement more energy efficiency options - solar, streetlights - *as needed.*
Restore building maintenance funding (\$150K)

UTILITIES

La Salina Treatment Plant (*unless it's outsourced*)

TRANSPORTATION

Coast Highway planning efforts
Mission Avenue implementation (Phase II)
Deferred road maintenance - *do not want to defer it - potholes, etc. need fixing.*

CAPITAL PROJECTS/PUBLIC FACILITIES (Select 5)

Quieter railroad zones
Fire Station 8
Fire Station 1
Beach restrooms

COMMUNITY SERVICES

Enhanced graffiti eradication
Proactive code enforcement (blight garage conversion enforcement)
Restore neighborhood traffic calming programs

ADMINISTRATIVE SERVICES

Public Information Officer

Deputy Mayor Esther Sanchez

CITY OF OCEANSIDE

COUNCIL BUDGET PRIORITIES

POLICE

Traffic calming

FIRE

Fire Station 1 - see Capital Projects

ECONOMIC DEVELOPMENT

Attract more businesses to Oceanside

INFRASTRUCTURE

Sub area plan implementation
Infrastructure improvements

UTILITIES

Local water supply development
CIP Implementation
Water Conservation Master Plan implementation
Zero Waste Plan implementation
La Salina Treatment Plant (*remain publicly run*)

TRANSPORTATION

Deferred road maintenance –
Oceanside Blvd and Coast Highway Vision plan.

CAPITAL PROJECTS/PUBLIC FACILITIES (Select 5)

Beach sand (\$100K)
Aquatic facilities upgrades/repairs (*Marshall St. Pool*)
Fire Station 1

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El Corazon Senior Center kitchen
Beach Resort

Economic development in challenged areas: Libby Lake, East Side, Crown Heights

COMMUNITY SERVICES

Restore neighborhood traffic calming programs
Complete affordable housing project

ADMINISTRATIVE SERVICES

Expand WIFI to all City buildings
Implement a wellness program

Councilmember Gary Felien

CITY OF OCEANSIDE

COUNCIL BUDGET PRIORITIES

POLICE

Additional patrol services downtown/homeless outreach

FIRE

Overtime (fix/resolve) – *explain*

ECONOMIC DEVELOPMENT

Enhance sales tax revenue - *NO! If raising taxes; yes if attracting businesses*

Job creation, recruitment, retention & expansion

Supportive of all

INFRASTRUCTURE

Implement more energy efficiency options - solar, streetlights – *if someone else paying for it, fine.*

Restore building maintenance funding (\$150K) *Deferred maintenance most expensive; always keep it up.*

UTILITIES

Local water supply development. *Success story. Support it 100%*

CIP Implementation

TRANSPORTATION

Mission Avenue implementation (Phase II)

Road system - capacity enhancement (*Melrose Extension*)

Deferred road maintenance

Long term - Rancho del Oro interchange

CAPITAL PROJECTS/PUBLIC FACILITIES (Select 5)

Quieter railroad zones

Beach sand (\$100K)

Fire Station 8

Beach restrooms

El Corazon implementation

Beach Resort – completion

COMMUNITY SERVICES

Homeless issues - downtown, SLR River

Alley clean up (large item pick up)

Enhanced graffiti eradication

ADMINISTRATIVE SERVICES

Add on-line service/payment services for residents

Enhance technology tools to increase productivity (e.g. CAD, GIS, utility billing software)

Create a City "App"

Standardized monthly budget reports

Councilmember Jack Feller

CITY OF OCEANSIDE

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COUNCIL BUDGET PRIORITIES

POLICE

Additional patrol services downtown/homeless outreach
Additional gang prevention services (*2 officers - maybe not 2 officers. Wouldn't stop it though*)
Enhance neighborhood policing (1 officer)
Enhance traffic patrol - *very important*

FIRE

Implement Citywide RCS - radio replacement (\$8.5M)
Squad response (big truck alternative)
Overtime (fix/resolve)

ECONOMIC DEVELOPMENT

Enhance sales tax revenue - *increase business development good; not raising sales tax.*
Restore Economic Development Director (*leave this to CM*)
Additional streamlining development/plan review - *high priority of mine*

INFRASTRUCTURE

Implement more energy efficiency options - solar, streetlights - *as needed.*
Restore building maintenance funding (\$150K)
Water Conservation Master Plan implementation

UTILITIES

Local water supply development - be self-sufficient in 2030.
CIP Implementation
Water Conservation Master Plan Implementation
Zero Waste Plan implementation
La Salina Treatment Plant
All are important.

TRANSPORTATION

Road system - capacity enhancement
Deferred road maintenance

CAPITAL PROJECTS/PUBLIC FACILITIES (Select 5)

Quieter railroad zones
Beach sand (\$100K)
SLR River maintenance (\$100K)
Beach restrooms
Beach Resort

COMMUNITY SERVICES

Homeless issues - downtown, SLR River
Alley clean up (large item pickup)
Enhanced graffiti eradication
Proactive code enforcement (blight garage conversion enforcement)

ADMINISTRATIVE SERVICES

Add on-line service/payment services for residents
Enhance technology tools to increase productivity (e.g. CAD GIS, utility billing software)
Expand WIFI to all City buildings
Implement 2-year budgeting

Councilmember Jerry Kern

CITY OF OCEANSIDE
COUNCIL BUDGET PRIORITIES

POLICE

Additional patrol services downtown/homeless outreach
Enhance neighborhood policing (1 officer)
Enhance traffic patrol

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FIRE

Implement Citywide RCS - radio replacement (\$8.5M)

Apparatus replacement (\$500K) – *reserve funding. Possibly part of a long-term plan.*

ECONOMIC DEVELOPMENT

Enhance sales tax revenue – *if that means raising taxes, it's a non-starter; if it means get more sales tax generators, I'm all for it.*

Job creation (and what type of jobs) recruitment, retention, and expansion.

Develop promotional and image strategies (priority of working on it regionally)

Additional streamlining development/plan review - *high priority of mine*

INFRASTRUCTURE

Restore building maintenance funding (\$150K)

UTILITIES

Local water supply development - *be self-sufficient in 2030.*

CIP Implementation

Water Conservation Master Plan Implementation

Zero Waste Plan implementation

La Salina Treatment Plant - *needs major overhaul - do we use old or new technology?*

TRANSPORTATION

Mission Avenue implementation (Phase II)

Road system - capacity enhancement - *(Melrose Extension - close the gap)*

Deferred road maintenance

CAPITAL PROJECTS/PUBLIC FACILITIES (Select 5)

Quieter railroad zones

Beach sand (\$100K)

Beach restrooms

COMMUNITY SERVICES

Homeless issues - downtown, SLR River

ADMINISTRATIVE SERVICES

Add on-line service/payment services for residents

Standardized monthly budget reports

Implement 2-year budgeting -- *possibly. Review.*

ATTACHMENT C:

Interview Questions

City Council, City of Oceanside

February 26 & 28, 2014

Terri Bianco, Consultant

Introductory Questions:

Name (name you like to be called); Title; Length of service

Intro: explain process of interviews, my role, use in session

Strengths

What do you consider to be your strengths? What do you bring to the table? Where do you shine?

What would you say are the strengths of the City of Oceanside? What is good about working for this community?

How would you define your role as a leader in the City of Oceanside; where or how does it show up in what you do?

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Accomplishments

What do you consider significant accomplishments in the City of Oceanside over the past year or so?

What would you like to see achieved as a broad, over-arching goal for the City?

Up until now, what are you most proud of having achieved or accomplished?

Budget Priorities

Using the Budget Priorities form sent to you previously, let's look at each category and identify the priorities you feel are important.

Without ranking or prioritizing them against the other priorities for now, please indicate to me those priorities in each category you feel are most important to accomplish this Fiscal Year.

If you have priorities you think should be eliminated, let me know that, too.

And if you have some you would like to add, please feel free to do so and I will capture them.

Expectations:

What would be your ideal outcome of this for your council? What are your expectations? What other comments do you have?

3. **Public Communications on City Council Matters (Off-Agenda Items)** - None

ADJOURNMENT:

MAYOR WOOD adjourned this meeting to Wednesday, March 19, 2014 at 2:00 PM. This adjourned meeting of the Oceanside City Council was adjourned at 4:50 PM, Wednesday, March 12, 2014.

ACCEPTED BY COUNCIL:

Zack Beck
City Clerk, City of Oceanside



California

CITY OF OCEANSIDE

MAYOR AND COUNCIL WORKSHOP

MARCH 26, 2014

ADJOURNED MEETING 2:00 PM COUNCIL CHAMBERS

**2:00 PM - OCEANSIDE CITY COUNCIL
- WORKSHOP**

Mayor

Jim Wood

Deputy Mayor

Esther Sanchez

Councilmembers

Jack Feller

Jerry Kern

Gary Felien

City Clerk

Zack Beck

Treasurer

Gary Ernst

City Manager

Steve Jepsen

City Attorney

John Mullen

The adjourned meeting of the Oceanside City Council was called to order at 2:02 PM, Wednesday, March 26, 2014.

2:00 PM - ROLL CALL

Present were Mayor Wood and Councilmembers Kern, Felien and Feller. Deputy Mayor Sanchez arrived at 2:06 PM. Also present were City Manager Jepsen, City Attorney Mullen and City Clerk Beck. Water Utilities Director Cari Dale led the Pledge of Allegiance.

WORKSHOP ITEMS:

1. Water and Wastewater Infrastructure

CARI DALE, Water Utilities Director, stated our goals today are to provide materials for both the public's and Council's understanding of the short- and long-term objectives as they relate to infrastructure and to receive direction from Council on how to proceed with the La Salina site. We would also like to receive direction from Council on the proposed efficiency measures on the project stages. Today's workshop will not be focusing on rates, nor will Council decide on who is awarded any type of project.

A computer graphic was used to show a pyramid diagram depicting the Environmental Protection Agencies' (EPA) sustainability model for communities. Sustainable infrastructure serves as the foundation of this model. On a national scale, communities have invested billions to build extensive networks of infrastructure to provide the communities with safe and clean water. Historically nationwide, communities have underinvested in the ongoing need to maintain and renew these systems. Reinvesting in our infrastructure is the foundation to sustainable systems,

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which speaks to the technical, managerial and financial capability of water and wastewater systems and the management practices that address the operations and maintenance of these systems.

With sustainable systems and infrastructure support, the ultimate goal is insuring a sustainable community where investments in utility infrastructure can have a profound impact on the overall character and quality of life for the community, as well as the reliability of systems for businesses that invest in the community. When talking about infrastructure, she's talking about assets, which could mean pipes, mechanical equipment or treatment plants. All of these assets have a useful life in which they can provide a service to the ratepayer. Just like a car, each year that an asset is in service, it experiences depreciation from a financial standpoint on the balance sheet. It also experiences physical deterioration.

Critical to the successful management of infrastructure is ensuring that the rate of replacement and renewal keeps pace with the rate of deterioration of the system. We plan for replacement and renewal in a financial sense by setting aside a small amount of money each year so that after the end of the assets' useful life, the amount of money set aside is adequate to fund its replacement.

Computer graphics showed the list of major assets comprising the water system, as well as the value of the water system if it were to be replaced today, and the infrastructure comprising the sewer system, as well as the value of the system if it were to be replaced today. Infrastructure in water and sewer systems deteriorate over time. Over time, the cost to replace it is not the same now as it was when it was first purchased. The cost rises.

For example, for an earlier pipeline that cost \$10,000, we find that with inflation, the cost to replace that pipeline is now \$15,000. Clearly, if we were to set aside money for its replacement at the \$10,000 replacement rate, we would not have enough money at the end of the pipes' useful life to replace that pipeline. For that reason, the department took a look at both the water and the wastewater systems in 2010 and recalculated the rate of annual set-asides so that there will be enough money collected to implement renewal and replacement programs in future years.

She reviewed the amount of money set aside in the past for both the water and the sewer funds. Historically, Oceanside has been inconsistent in making infrastructure a priority. The good news is that we are currently making annual set-aside financial commitments, which shows a commitment to funding and implementing renewal and replacement at a level that keeps pace with the rate of physical deterioration, as well as setting us on a path to becoming a sustainable community.

Staff recommends staying the course with infrastructure investments.

JASON DAFFORN, Water Utilities Division Manager, addressed the Water Division. A computer graphic showed a list of our existing water rehabilitation and replacement projects. These are projects that are currently underway, either in design or construction. The total budget for these projects is \$17,600,000. He then showed our new projects. These are projects that we've added to our Capital Improvement Program (CIP). They are also rehabilitation and replacement projects. The proposed budget for these projects is \$7,300,000. That brings the total Water Division projects to just under \$25,000,000.

Long-term projects span several years to construct. This gives Council an idea of the goals over 10 years and the amount of infrastructure improvements that are necessary within the system. The existing water supply projects are the projects that will lead us towards our goal of local water production and supply. For Fiscal Year 2014-2015, these projects have a proposed budget of \$7,200,000.

MS. DALE stated we have a goal of 50% from local water supplies by 2030.

This is not unlike some of the regional goals that are being set. For example, the San Diego County Water Authority (SDCWA) has set a goal of 40% from local supplies by 2020. There are a lot of other agencies like Oceanside that are embarking on water supply projects so that they're independent of the State Water Project in the Colorado River.

Going back to the Water Authority, the Carlsbad desalination plant is one of their larger projects in construction right now. That will make up approximately 15% of the overall water supply portfolio for the San Diego region. She showed the various water supply sources available to Oceanside, as well as the City's long-term forecast in achieving 50% from local supplies, which is critical during times of drought when supplies can be cut from Northern California or the Colorado River basin. The Mission Basin Desalting Facility currently provides 20% of overall supplies in Oceanside.

Implementing the water supply projects that Mr. Dafforn mentioned will put Oceanside on track to add small amounts of recycled water supplies to the mix. The first recycled water project in the CIP schedule is the Ocean Hills project. There's also a project to bring recycled water to Arrowood and to the Morro Hills area, as well as to El Corazon. In later years they see a new supply of either ocean desalination in Oceanside by construction of wells at the harbor or IPR, which is indirect potable reuse. In layman's terms, it's treating wastewater to a very high level, putting it into the Mission Basin aquifer and extracting it later for treatment and distribution.

Treatment at these facilities would be accomplished at the Mission Basin Desalting Facility, resulting in economies of scale for either the ocean wells, the IPR or the aquifer supplemental project. A computer graphic showed how much water is being produced out of each of the projects. Acre feet produced is how we look at water in volume. An acre foot of water is about 325,000 gallons.

Of the various supply sources she mentioned, supplies from the Mission Basin Desalting Facility are the most economical with imported water treated at the Weese Plant. Treated imported water from Metropolitan, local Oceanside desalination, aquifer injection and recycling follow in cost. The most expensive water available right now is the Carlsbad desalination plant. There are also plans to put a desalination plant on Camp Pendleton. It's in excess of the Carlsbad desalination costs.

The Water Utilities department implements a priority-of-use plan every year to ensure that the least expensive water source is maximized so that operations staff is on the same page as administrative and finance staff in planning our water resources. Some of the capital expenditures that are proposed in the long-term plans help to optimize the use of the lower-cost water.

MR. DAFFORN stated there are also sewer projects that we have proposed. A computer graphic showed a list of our existing rehabilitation and refurbishment projects. These are projects that are either currently in design or under some phase of construction. The list of projects equals approximately \$14,000,000. He then showed our list of new projects. The downtown sewer pipeline phases 1-5 are capacity projects where our pipes are not adequate. They're four- and six-inch pipes that we're going to upsize to a minimum of eight-inch pipes. Another computer graphic was used to show some of the large, long-range sewer projects that we have. The downtown pipeline phases 1-5 trail out well past the 10-year plan. It's a major investment into our utilities.

The La Salina facility needs some major rehabilitation work. We looked at options for what we can do to reach our goals within the department. Four options made the first cut. The first option is to perform the upgrades at the facility based on the Needs Assessment that we did about two years ago. The second option is to perform upgrades and also construct a small recycle treatment plant at La Salina. The third option is to replace the entire plant. It would involve decommissioning it, building a pump station and sending all of the raw sewage back to the San Luis Rey plant to treat it there. Option four is to construct two separate recycle plants: one at San Luis

Rey, which we already have designed, and also one at El Corazon, which is a central area for recycled water. There is definitely a high proposed use in that area.

Of the four options we looked at, we narrowed it down to the last two, which brought us the type of recycled water that we were looking for. It also provided for a potential repurposing of the property there, which is less than a block from the beach. We felt those two options were ones we should evaluate further.

With the pump station, we would decommission the La Salina treatment plant facility, build a new pump station, rehabilitate the existing 24-inch outfall that connects San Luis Rey to the ocean outfall, construct the two recycle plants, and also do some pipe realignment within La Salina in order to maintain our connection to the ocean outfall, as well as the Fallbrook and Camp Pendleton connections. We also have a brine connection there that comes from the Mission Basin. Those would all have to be relocated, but it's a small portion of the project.

The other project we looked at was to replace the plant with a Membrane Bioreactor (MBR) plant. This would require the installation of a reservoir and pumping station at El Corazon. We would have to rehabilitate the pipe also in order to get the treated water back to that location. We would use the same numbers because we want to get water to El Corazon and also back to San Luis Rey so that we can utilize it there for the potential IPR project. Those are the general items included in our evaluation between a pump station and the MBR plant.

When we ran the numbers, we looked at three numbers. The first number was the actual capital cost investment. The pump station was at just under \$75,000,000, and the MBR plant was roughly \$96,000,000. This includes all of the work he just described. We then looked at the Operations and Maintenance (O&M) cost. The pump station O&M is significantly lower. It came in at \$1,800,000 per year. The cost to own, operate and maintain an MBR plant came in at \$2,800,000 per year. We then take those two numbers, the capital cost and 30 years of O&M, and we annualize that cost to see what it looks like on a yearly basis. Our annualized cost came out to approximately \$7,300,000 for the pump station option and \$9,850,000 for the MBR plant option.

Computer graphics were used to show a summary of the capital cost, O&M cost and annualized cost, as well as the present value of the facility and the annualized cost. The capital cost breakdown lists the items that were included in the project. Several of these items are consistent between the two options because for whichever option you are evaluating, these items need to be included. It gives you a good apple-to-apples comparison.

By doing a pump station, you end up having space available. Keep in mind that we are simply showing the available space and not designating a residential or park area. We just want to show that there are potential possibilities for repurposing the property. With our pump station option, we are able to repurpose approximately nine acres of property for other uses. The MBR option is along the same lines. It's not a determination of what the property is going to be used for, but it shows approximately seven acres of potential repurposed property.

MS. DALE stated both alternatives have the goal of land redevelopment. We're not advocating for any one type of use. It's just available for redevelopment. Both alternatives looked at the goal of reusing treated waste water, as well as waste water treatment optimization.

We have quite a few projects on our list in the next ten years. Certainly, we want to make sure that we are being efficient and able to implement those projects. She showed the project phases and input of the current approval process. As each project moves forward, it comes to decision makers through these six types of project phases. The current approval process for moving those to Council involves discussions at the Water and Sewer Subcommittee, which is a subcommittee of the Utilities

Commission, then moving it forward to the Utilities Commission prior to bringing it forward to Council. By going through the commissions, each project phase has a lead time of approximately one month prior to coming to Council.

Staff is proposing that the design project phase and the award project phase be the only project phases that come forward to the Water and Sewer Subcommittee and the Utilities Commission. All project phases are proposed to still come to Council with a memo detailing the action going back to the Subcommittee and the Commission as an efficiency measure.

Public input

LINDA SILLS, 42 Chico Lane, noticed the pamphlet says sustainable community, sustainable systems, etc. It's funny how all of these same groups have these 2030 or 2050 plans.

Southern California imports 80% of its water. San Diego County imports 85%. The north half of the State has an average rainfall of 53 inches compared to 14 inches in Southern California. Thus, the State water projects supply water from the Delta to the thirsty south. About 80% of Metropolitan Water District costs are fixed. If it loses water to resell, the water rates go up to cover these costs. As happened last time, we had a drought condition where those who conserved water still had higher water bills.

Sacramento is waiting for the water crisis to worsen so that it can push through an initiative that favors its control and that transfers costs from favorite special interests onto citizen property owners. She is opposed to this.

JOAN BRUBAKER, 1606 Hackamore Road, stated for the City and its citizens to turn over such a desperate procedure to an outside concern is flirting with a big problem. Let's say they start to build the plant, and it goes belly-up. They'll say the surety will take care of it, but sureties are also going broke. These are possibilities that Council needs to envision. With the increased amount of cost involved with this, Council is really asking the public to write a blank check.

Elevation of costs are going to naturally happen, but keep the control of this vital utility under the control of the City and its employees where you can really take action and do something about it without a court cost. She resents the idea of spending this much money on this type of project. Giving away land is very easy to do once you have possession of it. Don't keep giving away land. They're not making any more land. Hold on to it.

LISA HAMILTON, 323 South Ditmar Street, read everything until her eyes glazed over with the numbers. What is the City going to get out of the MBR plant that it's not going to get out of the new pump station? It'll cost a lot more to tear down La Salina, build and operate it from now until forever. It's a private operation, as opposed to a City operation where the citizens would have something to say about it.

She is very much against the MBR plan. She's not excited about the pump station plan. She'd rather put the money into fixing the rest of the infrastructure and then see what we have left, but she's not for tearing down La Salina completely and starting someplace else as a private operation.

JIMMY KNOTT, 127 Sherri Lane, introduced the attending Utility Commissioners. He has a message from the Utilities Chairman, Jeremy Jungreis, stating that the Utilities Commission has not taken any official position or made any formal recommendation on any of the CIP projects to the best of his knowledge. However, that does not stop members from making their thoughts known in their individual capacity at the workshop.

The Utilities Commission gave direction to staff and all possible private

developers and providers of service proposals to design and render proposals in the interest of the ratepayers. This includes affordability indexes. Environmental justice is defined in the State of California statutes and Government Code as the fair treatment of people of all races, cultures and incomes with respect to the development, adoption, implementation and enforcement of environmental laws, regulations and policies.

In 1999, State legislation was passed mandating that the California Environmental Protection Agency, related agencies and departments administer and enforce their programs in a way that ensures fair treatment of people of all races, cultures and income levels, including minority and low-income populations. This and other California State laws demand that all water agencies take into consideration environmental justice. This includes the needs and concerns of those impacted by low income. To ignore this consideration is illegal.

He has attended many meetings of boards, commissions and committees throughout the State of California that have dedicated their entire sessions on this impact. By law, the City of Oceanside must do the same and take any potential impact upon these designated groups, especially our low-income group, into consideration before any action is taken or rendered as it relates to water utilities.

There's a 30% poverty level in Oceanside. 23% of the households have a low-income status. Before we take any action, we must consider how to counter the detrimental impacts.

When Council provides any direction, consider this mandate and judge accordingly.

LLOYD PROSSER, 1618 Kurtz Street, stated there's a lot to be considered. One of the things that struck him was the goal of 50% water independence in 15 years. That's a great goal. It's achievable, but why not have a goal that's more visionary? The goal could be 100% water independence, with zero gallons going out to our ocean outfall and building facilities that would support that long-range vision.

The second thing that struck him was that we seem to have recycled water and water projects intermingled with each other. Council is going to be asked to approve projects that are essentially recycled water projects to facilitate that water independence down the road. Council might want to consider resetting the financial structure to have an account so we can track how much money is being spent exclusively on water reuse or recycling facilities.

The third thing is regarding the La Salina Wastewater Treatment Plant. His neighborhood is served by that plant, so he has a vested interest in it. He is happy to see that both of those proposals recommend totally getting rid of the current plant. Both of the options are very interesting, but coming from the wastewater industry and after reading the report, he doesn't have the ability to decide which side he would go with, either the pump lift station or an MBR plant.

He didn't realize that the City has taken a position that if a MBR plant were to be built, it would be a private plant. That was news to him. He asked Council if that's where we are.

DIANE NYGAARD, 5020 Nighthawk Way, stated our water and sewer infrastructure has been underfunded for years. We've paid a huge price for that in terms of property damage, emergency repairs and some very big fines for sewer spills. Staff has proposed a reasonable approach to address that and get us back on track. That's certainly something we must do.

When we look at major system changes like La Salina, there are three big considerations for Council to look at: water recycling, cost and climate change. We can call it a lot of things. Nobody likes to hear toilet-to-tap, but there are a lot of other ways

to consider, such as potable water reuse, indirect potable reuse, etc. They're all various ways of recycling our water. It's a critical, long-term consideration. Both of these alternatives are going to do that and take important steps in the right direction, but there are certainly some differences between them. The big one is the concern with the MBR plant and the risk of wet-weather sewage spills. Nobody likes to swim or surf in sewage. That's a serious risk that needs to be considered.

When we look at costs, she hopes we have learned something from the experience of Poseidon. Carlsbad spent over \$1,000,000 getting that project to move forward, with the promise of cheaper water. Ten years later, Carlsbad is no longer in charge of that project. Now the story has changed from cheap water to more reliable water because as Ms. Dale showed in her graphs, it's going to be the most expensive water we have in this region. The MBR alternative costs significantly more with \$24,000,000 in capital costs and \$1,000,000 a year in operating costs. That pain will keep on hurting for the life of the project.

When we look at climate change, it's not just sea level rise for our coastal cities, but the impact of storm surges. Because of that, it makes no sense to have costly infrastructure along our coast. She urged Council to look at those considerations of cost, location and risk. We need to do more refinement on this.

LINDA WALSHAW, 151 Robby Lane, is here on behalf of the 42 Oceanside neighborhoods represented by the Alliance of Citizens To Improve Oceanside Neighborhoods (ACTION). As for public transparency, here we are again at the last minute with a volume of documents to read that could have been provided to the public on the City's website ahead of time so that everybody had a chance to absorb them and speak intelligently on this issue.

Even if the La Salina plant needs replacement, which it probably does, there are other companies that can do the same job for less money and wouldn't ask for real estate in exchange. The public ratepayers would bear the expense in higher rates and be asked to vote on a bond after the fact if Council goes forward. The public has a right to decide before a decision is made whether or not to go forward and with which company. Oceanside does not need the housing project that's proposed as part of this deal. We have a desperate need for more affordable housing to alleviate the decade-long wait for affordable housing in this area. The public is beyond tired of having their needs ignored in favor of this Council majority's pet projects.

LOUISE BALMA, 745 Sleeping Indian Road, commended staff for a great report and for the two options they proposed for the La Salina Water Treatment Plant. She agrees with what Mr. Prosser said about the importance of recycled water and doing something about the plants. She's looking at option three as hopefully being higher on the totem pole of options.

She feels strongly about farming in Oceanside. We have probably the largest piece of agricultural land west of the I-15 Highway. We are now investing in a lot more vineyards and wineries up there. She wants to support those people growing strawberries, avocados, etc. by getting recycled water to them as fast as possible and not wait until 2019, which shows on some of the expenditure spreadsheets. Please help with whatever can be done to get the water out there fast.

Public input concluded

DEPUTY MAYOR SANCHEZ stated there are a whole lot of numbers here. Last year the City celebrated its 125th birthday. We know that some of the projects going on right now, in terms of replacing all of the pipes west of the I-5 Highway, are very critical. Council is charged as the decision makers for the citizens of Oceanside, as well as for our businesses and farms, to ensure an adequate supply of water at the most affordable cost. That is what we must decide on and do.

The one project that we seem to be looking at, especially in terms of how much it's going to cost going forward in meeting our needs, has to do with the La Salina Treatment Plant. All this year we've been hearing from staff that we have to either fix it or change it and think about perhaps a water recycling plant there or somewhere else. What staff has said during Utilities Commission meetings is that a more eastern, central location for recycled water would be optimal.

We want to make sure that we're able to supply recycled water to El Corazon as it's one of the places that can especially use recycled water. We also want to ensure that we have readily accessible water go to our farms and agricultural uses. She was going through the Environmental Protection Agency list of uses for recycled water. Agriculture is number one, followed by landscape, public park and golf course irrigation, cooling water for power plants/oil refineries, processing water for mills/plants, toilet flushing, dust control, construction activities, concrete mixing and artificial lakes. As we speak, our State and federal decision makers are looking at what it would take to expand this list. It could be 5-10 years. How can we best utilize this time, meet our immediate needs and also look to the future for Oceanside?

Staff has proposed changing out the La Salina Treatment Plant to a pumping station, realizing the economies of scale by pumping it up to the San Luis Rey Sewer Treatment Plant, and coming up with two water recycling facilities: one at El Corazon and one more eastern. This is what we should be looking at.

MS. DALE addressed Deputy Mayor Sanchez's water supply question. There are different supplies that we looked at. There is no one silver bullet, even though the costs are all over the place with supplies. Meeting that 50% Council goal is going to take a little of each to get us there.

Mr. Prosser had mentioned that we should have the vision of zero gallons going to the outfall. That's a noble goal. That's something that we do have in the back of our minds when we are looking at these projects. It's probably not something that this Council would want to consider in terms of putting forward a rate that would pay for that, at least in getting there by 2030. The 50% goal is something that is affordable and that works along the same lines of meeting the other Council goal, which is to stabilize the utility rates. These projects seem to be very costly, but it also accomplishes stability of utility rates at the same time. Something that we'll be planning in the future is zero gallons going to the outfall.

In terms of what her thought is on the La Salina options, she always tends to look towards something that's going to be providing reliability in meeting the goals that we discussed, as well as being something that everyone can afford. There are quite a few further studies that we need to look into at this time. Something that meets the rate goals is an option that she would advocate for, but that decision is entirely up to Council.

DEPUTY MAYOR SANCHEZ asked if that would be the pumping station that would cost \$74,000,000 versus the private MBR which is \$96,000,000.

MS. DALE responded correct. It was one of the options we looked at in comparing other cities that have put in MBR plants. The cost is considerably higher. That's why the MBR option with the private developer was put forward instead of the City-developed MBR option.

DEPUTY MAYOR SANCHEZ recapped that Ms. Dale also mentioned in her presentation that having a spill on the coast would be a hundred times worse and that the aquifer is our cheapest alternative. She talked about our different sources of water and that our most affordable water source happens to be our aquifer. What staff has proposed with regard to a pump station at La Salina is a vision to have the water treated at San Luis Rey Treatment Plant, and then putting it back into the ground for additional filtering to mix in with the water from our aquifer. Is that basically it?

MS. DALE responded that's correct. From a sustainability perspective, the Mission Basin aquifer levels are something we need to pay close attention to. As we put more demand on the aquifer, especially during dry periods like now, it has the ability to be depleted. We need to take care to ensure that the amount of water that's going in, both naturally and what we can supplement through a project like this, will allow the sustainability of what we're currently extracting, as well as any future extractions from the basin.

DEPUTY MAYOR SANCHEZ knows that members of the Utilities Commission were pretty unhappy that they didn't get a chance to weigh in before this workshop. She has been listening to some of the conversations that have been held by the Utilities Commission. It's been over a year since this private project had come to staff. It was Councilmember Kern who brought it to staff to look at. Staff has been looking at it, so it's not like they just had a chance to look at it for a month or two. It's actually been over a year. Is that correct?

MS. DALE responded it's been quite a long time. We're very interested in looking at any new technology that comes forward and whether it's applicable to our current situation at Oceanside. Staff even took a field trip to look at the facility. They have explored it extensively to see if it really fit with what the needs were here.

DEPUTY MAYOR SANCHEZ stated at the last hearing where the Utilities Commissioners were looking at both potential public and private projects, there was an actual amount that was stated in terms of how much the projects would cost. The private project would come in at about \$150,000,000 and the City's project, which would have been just a fix of La Salina, was at \$50,000,000. The private developer then brought back the project, looked at the cost and suggested that they could try to come in at a lower cost. At that point, staff went forward in terms of its master plan.

MS. DALE stated the cost that Deputy Mayor Sanchez is referring to was staff's attempt to do an apples-to-apples comparison, which wasn't that fruitful. That's why we had an engineer do the comparison that Mr. Dafforn showed Council earlier in his presentation.

DEPUTY MAYOR SANCHEZ appreciates the apples-to-apples comparison because when this was before the Utilities Commission it was difficult to get that sense. Now that we've had this before Council, Ms. Dale has actually enumerated the building costs, demolition costs, etc. As Ms. Dale said, some of them were similar, such as demolition. Building certain pipes and other things are exactly the same cost.

In the end, what would be best for our citizens is that we go with the pump station and not do the private MBR. She recalls some of the conversations during the Utilities Commission meetings. To have a recycling plant there versus more centralized would be the wrong place to put that much money onto a project and then have to work around it. The private option is going to cost more. We have to be mindful to ensure an adequate supply of water, but it has to be affordable.

At some point, we're going to be able to use recycled water for more uses approved by the State and the Feds. Regarding the production of recycled water by a private developer, it was going to be an amount that we would not be able to use entirely. We would probably use 50%, and the private developer would sell off the rest. It's something along the lines of Poseidon, in which the idea wasn't just to supply for the City but to also be able to sell to the market. That was the project that was being proposed back then. She asked if this is the same project.

MS. DALE responded the project Council saw in the presentation was one that compared apples-to-apples. It tried to use as much of the produced water as possible, whereas the proposal we received didn't necessarily have a plan to distribute that water. They wanted to sell it, but there was no plan to distribute it, so we added that to the

comparison.

DEPUTY MAYOR SANCHEZ stated it makes 100% sense that we would pick the one that is actually the most affordable and will basically meet the same requirements that we need looking at a sustainable water supply, which is our aquifer, and being able to have these two recycling facilities: one at El Corazon and one at the San Luis Rey Treatment Plant. That would be her direction.

That is highly critical. The costs are mind-boggling at this point, but this is what it's going to take to get us through a 100-year drought. We have to try to supply our own water as much as possible. This is a good plan for the citizens of Oceanside.

COUNCILMEMBER FELLER had a nice conversation with Ms. Dale yesterday to get a feel for this. He doesn't think any decision can be made today because we don't have all of the information we need. The most important thing we're doing here is the infrastructure. The majority of the presentation was the infrastructure that is going forward. That is the key to preventing the San Diego syndrome of a pipe breaking every day throughout our City. "Sustainable" seems to be a new word, but it's something that we've been doing to try to prevent these things.

He asked how many of the projects will be subject to prevailing wage as they are bid out.

MR DAFFORN responded the only projects that would require prevailing wage are the ones that we get State or federal funding for. A majority of these projects are not funded in that manner. We're funding them in-house. At least in the first phases, they will be non-prevailing wage.

MS. DALE added we are moving forward with quite a few requests for federal funding. If those do come to fruition, they would be subject to prevailing wage.

CITY ATTORNEY MULLEN stated Senate Bill (SB) 7, which was recently adopted, provides that even if we are paying prevailing wage as a requirement of State or federal grants, if we choose not to pay prevailing wage on local projects where we're using just local funds, we will be deprived of State funding for other construction projects. As Council is aware, we are challenging that provision of State law in court at the present time. If we choose not to pay prevailing wage, even on the locally funded projects, then there's a threat to State funding.

COUNCILMEMBER FELLER understands the threat. He asked what happens to the recycled water for the MBR if we build it there. He's not sure why we would put it there for that reason.

MR DAFFORN responded the option that he included into the cost analysis was to get the recycled water back to El Corazon and also back to San Luis Rey. We would utilize it by connecting it to a tank and a pump station at La Salina for distribution centrally from there, and also at San Luis Rey. As we hopefully move forward with indirect potable use (IPR), then we can use it to enhance our aquifer.

COUNCILMEMBER FELLER asked if it's essentially the same thing as the pump stations.

MR DAFFORN responded yes. It's an identical use.

COUNCILMEMBER FELLER asked if Mr. Dafforn thinks some of our future is going to be with purple pipe throughout the City.

MR DAFFORN believes that it is. He looks at a full array of options in order to get to our goals. One of those is irrigation with recycled water in areas that make sense, such as golf courses, the El Corazon area, the farm/agricultural area, etc. That's

the target for the purple pipe. We also look at the aquifer augmentation with IPR. Hopefully, we'll get down the road with direct potable reuse (DPR) and then ocean desalination. It's good to have those options available. We should take advantage of them.

COUNCILMEMBER FELLER asked if we are looking at all of the options as we go forward.

MR DAFFORN responded yes we are.

COUNCILMEMBER FELLER would also be looking at the possibility of the water that Camp Pendleton is shipping through our brine line and what is available at the back gate, if in fact that water is available.

MS. DALE responded we have been in negotiations with Camp Pendleton for several years. One of our negotiating points is that we receive 1,000,000 gallons of recycled water at the back gate, as well as some other concessions. At present, there is money that has been authorized at the federal level for recycled water pipelines such as the one that would go to the back gate.

The issue is at the federal attorney's office that deals with the base. There is a discussion about whether they can use the funding that's been authorized at a different spot in Camp Pendleton; whether it can be moved. We're working through that with staff right now. Our ultimate goal is to ensure that we also get an exchange of water.

COUNCILMEMBER FELLER stated they have pretty close access to our San Luis Rey plant on their golf course. There's probably pretty good access to get water for us through that as well. He's trying to figure out why a larger plant is only \$22,000,000 more. He realizes there's ongoing maintenance, etc., but the much larger plant is \$22,000,000 more.

MS. DALE responded that under the pump station option, one of the capital costs included is the equipping of mechanical devices and electrical for concrete structures that have been built already and are part of the treatment process at San Luis Rey. They were built approximately ten years ago and are ready for the expansion. Part of the cost to expand San Luis Rey has already been paid for. It has already been constructed, so there are savings in optimizing what presently exists at that facility.

MR. DAFFORN clarified IPR is indirect potable reuse/recharge and DPR is direct potable reuse/recharge.

COUNCILMEMBER FELLER stated there was a project description of the San Francisco peak zone eliminating the need to purchase treated water from the Water Authority. He asked if the pump station that is part of that project is coming from the desalination plant.

MR. DAFFORN responded that would come from the Weese plant. We currently have a pump station that we can pump into the San Francisco peak zone, but it's more of an emergency backup pump for when the #4 connection needs to go out of service for maintenance. We would increase that capacity, make it more robust and operate it as a main supply rather than an emergency backup.

MS. DALE clarified the area we're referring to when we say San Francisco peak is the tail part of the city in the Ocean Hills area that's served by the San Francisco peak reservoir.

COUNCILMEMBER FELLER asked in the proposed approval process, would they do additional presentations as they go along.

MR. DAFFORN responded the intent would be to provide constant updates to

both the Committee and the Utilities Commission as the projects are moving forward.

MS. DALE added it could take the form of providing the staff report and the contracts that Council has approved.

COUNCILMEMBER FELLER had one odor complaint at the Corporate Center Drive and Avenida De La Plata intersection. It's been going on for several months. He looks forward to more information.

MR. DAFFORN indicated we're at the very end of our odor study. That will be one of the areas that we address. The recommendations will outline what types of improvements are necessary in order to deal with current odor issues.

COUNCILMEMBER KERN wants people to understand that this is not the decision point; this is the beginning. We got this information at the same time the public got the information. He's not going to make his decision based on a PowerPoint presentation he received two days ago.

He appreciates that staff put in a lot of time and effort, but it's to kick off the conversation, not to end the conversation. He wants to make sure everybody understands that we're not going to make any recommendations out of this meeting today, but we will be asking a lot of questions. He has a lot of questions and expects staff to have the answers over the next couple of months.

He asked when our Recycled Water Master Plan is going to be released. It was due last September. For the committee members from the Utilities Commission, it should be their priority to get the Recycled Water Master Plan done because that figures into this decision. We need more information, and that's going to be one of the information points.

He asked what environmental impact and liabilities we have in converting a line back to San Luis Rey. Now we're going to build a new black water line from La Salina back to San Luis Rey. What will San Luis Rey use for an emergency outfall? How do we keep going with that? With the 12,600,000 gallon upgrade at San Luis Rey, is that a 5,500,000 gallon upgrade? The problem is that San Luis Rey is rated at 17,000,000 gallons. Right now we're running at about 11,000,000 gallons. If you put a 5,500,000 gallon upgrade there, you're within a half million gallons of your maximum capacity. Are we going to come back in ten years and have to do a major upgrade to San Luis Rey to accommodate that capacity? The more he reads, the more big questions he has that will need to get answered.

The \$2,800,000 estimate for the two water recycling facilities seems very low. He's not comfortable with that number. Hopefully, we can get some information to back that up. Basically, that's about \$4 a gallon. The Orange County facility is running at \$5 a gallon for a 30 MGD (million gallons per day) plant. The estimate for operation and maintenance of the pump station is \$1,900,000, which again seems low. Maybe we can get some clarification on how that number was arrived at. The additional operations and maintenance costs for San Luis Rey is already in the numbers staff gave to Council, but there's also the operation and maintenance of the two new water treatment plants. He needs those numbers too.

We have 2,000,000 gallons of Camp Pendleton water coming into La Salina to go out to the ocean. With one more step, it could become purple pipe water. Why would we combine that with black water and send it all the way back to the San Luis Rey plant to be treated over again? That's a redundant system we need to figure out. Somebody asked what we're going to get out of building this plant. We're going to get recycled water.

Right now, the most expensive water we have on the books coming in is the desalination plant. He just spent two days at a water reuse conference in Newport

Beach. They're projecting that by 2030, Metropolitan Water District (MWD) is going to charge \$3,000 an acre foot. That will be the most expensive water. He understands staff wants us to come up with a decision as soon as possible. We should probably come up with some clear direction in the next 6-8 months so that we can start programming this stuff in. It's very important because he doesn't want to be on the hook for \$3,000 an acre foot of water. MWD has a very cavalier attitude about how they charge. He, Councilmember Felien and Mr. Knott went up there a couple of weeks ago, and you could tell that they just didn't care.

He asked if we build the membrane plant, why do we need to upgrade the line between the membrane plant and San Luis Rey? We don't need it then. We're putting a cost in there. He can understand it for a pump station where we're pumping it back and need to upgrade that line, but he doesn't understand why we need to upgrade the line that we just put in the treatment plant. The pump station would be eliminating nine staff positions. If you hire an operator, they're not on our staff anyway. That's something we need to think about.

There's this misconception that we're giving away the land to somebody. It will stay City land. The water plant in Santa Paula, at the end of 30 years, reverts back to the City. That was a design-build-operate finance plan. At the end of their 30 years, once they've amortized their cost, that plant reverts to the City. It's the City's plant at the end of that time. We're not giving away anything to anybody. We're just basically hiring an operator.

He has confidence that private employees work just as hard as public employees. He appreciates staff and every person who works for the City, but he just doesn't buy the idea that somehow a public employee is better or worse than a private employee. Everybody works to do the best job that they can.

He has a lot more questions. Now that they have all of the information, the Utilities Commissioners will have their own questions. He's sure it will be presented at that point, and we'll get all of that worked out.

We're going to have to come to some very hard decision points. Every time you're dealing with water, you're dealing with a lot of zeros. It's very important that we make the right long-term decision. We have this long-term global answer of actually getting the water that we need on a long-term basis.

He wants to make sure that everybody understands when we go forward, why we go forward and why we choose the things that we do.

COUNCILMEMBER FELIEN has two questions. One is regarding the comment on the issue of the wet weather flows and the risk of the plant under the new design not being able to handle that. That surprises him because wet weather and surges based on climate are predictable events that are going to happen every few years. He asked why that isn't incorporated in the design and why it's an outstanding risk of the plant.

MR. DAFFORN responded we have done sewer flow analysis in the La Salina basin area. We know what our wet weather flow is due to infiltration into the system. On our end for the pump station, we evaluated those numbers, and the cost would accommodate a peak flow based on historical wet weather flows. For the MBR, the proposal is not that detailed, but they would have to take into consideration that peak wet weather flow in the design of the plant.

COUNCILMEMBER FELIEN clarified so it is something that would be addressed. It's not any more or less risky than an older type of design.

MR. DAFFORN doesn't believe it's a risk that's considered different between the two options.

COUNCILMEMBER FELIEN stated we're comparing the numbers of the two options, the \$76,000,000 option versus the \$90,000,000 option. At the end of either project, is the capacity going to be the same? Would we end up with the same capacity under each option, at least short-term?

MR. DAFFORN responded that's correct. The MBR plant was 5.5 MGD capacity and the pump station was a 6.0 MGD capacity rating. It would be the same.

COUNCILMEMBER FELIEN stated that based on the long-term needs of the City, it seems that we would be going to the 17,000,000 gallon capacity of the San Luis Rey plant or near that. A cost that needs to be factored in is how soon we would need to have additional capacity. That would be directly relevant, based on the estimated growth of population and usage within the City. It's not as simple as it's been presented. Even if it's a delayed cost, it's going to be a cost we're likely to incur over the 30 years of this forecast. Is that not correct?

MR. DAFFORN responded we did include the cost of the expansion necessary at San Luis Rey to accommodate the new flow, which would take us up to just under a 20 MGD rated capacity. With the two capacities put together that we have currently, of just under 10 MGD at San Luis Rey and just under 3 MGD at La Salina, that puts us at 13 MGD. There's quite a bit of cushion for a peak flow. For the costs to expand the plant that's currently sitting there, the tanks and the infrastructure are currently in the ground. We just need to put all of the mechanical devices in place. That is included into the cost of the capital expense on the pump station.

The other ticket item that is included, which will occur regardless of any options, is to upsize the new outfall pipe to a 36-inch pipe from the San Luis Rey plant connecting to the ocean outfall. We currently have one mile of that pipe already constructed. We did that several years ago. We need to continue down that path and upsize the pipe so we can accommodate the flows out of San Luis Rey regardless of the options we undertake at La Salina.

MS. DALE added that, regarding the wet weather flows, the San Luis Rey plant currently has a tank that holds sewage and then feeds it in at a constant rate through the plant. That can also act as a wet weather retention device. La Salina has it as well, but she doesn't know if that's currently designed under the MBR proposal.

COUNCILMEMBER FELIEN asked if we went to the pump station option, over the next 30 years based on the anticipated growth of the City, would they anticipate not having to come back and ask for additional capacity? Is it an either-or situation for 30 years?

MR. DAFFORN responded that would be correct.

DEPUTY MAYOR SANCHEZ stated at the Utilities Commission meeting, it appeared that time was of the essence for the La Salina Treatment Plant, and staff was holding back to try to analyze the entire cost of this private project versus the City's project. In the presentation, Ms. Dale talked about \$2,000,000 for the interim for the City. Deputy Mayor Sanchez is concerned about that time-of-the-essence issue because she wouldn't want anything to get dumped into the ocean in the meantime. She's surprised that we're not able to go forward now with a decision because this private corporation has been pushing for a certain recommendation to Council for well over a year.

She is most concerned about making sure that nothing happens at La Salina. She asked if staff will be able to address that issue as we take our time to decide.

MS. DALE responded that we certainly share that concern for any catastrophic failures occurring, especially with La Salina so close to the beach. In discussions with our chief plant operator at the facility and the engineering staff, we have pared down

the immediate needs list to essential work that we feel should go forward. Regardless of whether Council chooses option one, two or does nothing, we still need to go forward with that \$2,000,000 of work. Mr. Dafforn can add specifically what some of those improvements are.

MR. DAFFORN stated in meeting with our chief plant operator, we discussed what is really necessary to continue until we have one of the two options, or a different option, under construction and fully operational. We currently have a contract that's ready to be executed for the design of what we consider phase one and two improvements to the plant. We've scaled that back, based on preliminary discussions, and cut that budget down to \$1,089,000. It may scale down even more once we move forward with bringing the consultant onboard to do further assessment, because we're switching gears from a replacement to needing to secure things to get us to this end date.

It's a significant reduction. A lot of the equipment we were looking at replacing, like the blowers and some piping, we just don't see as a good investment. Those would be removed out of the project. We would have to sit down with the consultant once we get him onboard and modify their contract. That way we can say this is what we really only need to do in order to continue to operate.

DEPUTY MAYOR SANCHEZ knows that our agriculture users are anxious to get this going. They want a decision from us. It's been a delay. This private company has been pushy. Even at the last Utilities Commission meeting, the Chair said that he was contacted again by this private company. He keeps getting calls and emails. Staff has a project that takes under consideration our future needs and our immediate needs especially. We need to start getting this recycled water through to those who need it: to El Corazon, Morro Hills, etc.

MAYOR WOOD thanked everybody, including the Utilities Commission. He had to sit down for quite a long time with the Water Director to talk about all of this. His big issue is what's best for Oceanside in the long-term. Water is probably the most valuable commodity in Southern California right now. It's gone up 100% in cost since 2005-2006, in our City in particular. He won't get into the argument about the Metropolitan Water District, but it's the past few cost increases that we are very upset about. We're taking action.

When he sat down with the Water Director and staff to talk about this presentation, he saw a lot of money. Infrastructure needs to be addressed for water and sewer. He's more concerned about sewer. In this area, if you have a sewer main break and it flows to the ocean or protected waterways where La Salina is, the fines can cost \$5,000,000-\$7,000,000. Therefore, we need to go forward with this as soon as possible.

He talked to staff about the best options, costs, etc. The pump station option is the best and the cheapest. He asked Ms. Dale for an overview of the property and how small it will go down in size. Right on the beach, a half a block away, there's a lot of land that was given back to the City. It can be used for anything to benefit the City, including for our own personal use, a quality of life location or money to the City. The area to the south of the pump station could be connected to Buccaneer Beach for a bigger park. The north side of that could be used for the money or the best use for Oceanside.

It's our land. We can get a great benefit out of it, not just for the future pump station, but for the rest of the citizens of Oceanside. Whether we sell it or use it, it should go to the public. It might help to pay for a lot of this project and other issues that we want in Oceanside that will benefit us in terms of the quality of life that we expect in Southern California.

He's concerned about partnerships with private companies. We'll get what we

need from our citizens and City staff in retaining the value of that particular piece of property. Staff has the expertise. He expects what they tell him to be accurate. His decision is to go with the pump station. This is going to take many years to pay for it. It's just means having money put aside.

He not only goes to the staff experts, but also to the City Manager for his input, since he has to implement all of this. We'll get feedback from him about how we'll pay for this, the cost, what to put aside, etc. That's why we're talking about this today in a workshop. We wanted to have everyone here to update us and pass on the information.

There's nothing more valuable than water. Now that we have Carlsbad desalination going forward, it makes a big difference. It's \$1,200 an acre foot for the water we have now, compared to \$2,200-\$2,400. It's a big difference in the value of that water. All of that sludge has to go back into the ocean. Camp Pendleton is going to have a system on the base. They'll lean heavily towards helping Oceanside because they've been connected to our sewer system for quite a few years. As a good neighbor, we've been helping them. If desalination goes in there, he hopes we'll get a better rate for the water from Camp Pendleton.

He has a lot of friends in Morro Hills and the San Diego area who can't afford to pay the water rates and still put a product out like avocados. It's not worth it anymore. The water rates are killing a billion-dollar industry in California, let alone Oceanside. Somewhere down the line, getting cheaper water out to those facilities is a high priority. That's why he'd like to see this move forward.

It's nice to get calls from people who want to do a private enterprise in Oceanside, but generally they want something from us. They are big donors to political causes in our City. He considers that a factor when he's thinking about this. We'll lean towards the Utilities Commissioners to get feedback, plus staff and the City Manager.

MS. DALE summarized the conversations, comments and questions that we've received, which have all been very good. Everyone has raised good points that we need to do some work on. What she's hearing is that there's not necessarily consensus today to move forward with this. There are folks that still need some additional information. We would like to spend some time answering those questions and putting forward the proposed Fiscal Year 2015 CIP. There are some projects that we can begin on, including the La Salina minor improvements, as well as some design work that would occur regardless of either option. That will give us time for Council to be comfortable with the information and for staff to answer questions.

What we would like to hear today is some sort of consensus on the recommendations for the project phases that are coming forward to the Utilities Commission.

MAYOR WOOD stated the numbers are big and scary, but he knows it's over a period of time. He thought the general consensus of Council was to move forward.

DEPUTY MAYOR SANCHEZ stated when she talked to Ms. Dale yesterday, she asked about the costs. Ms. Dale mentioned it would be a 3-3.5% increase. She asked if this was in anticipation of the public project, or was that left out of the 3-3.5%.

MS. DALE responded the 3-3.5% for each utility was the rate estimate based on the pump station project. We would have to go back and do some estimates on how it would affect the rates with an additional \$20,000,000 increase, or we could remove some of the refurbishment projects which we feel need to be done in order to make the numbers fit.

DEPUTY MAYOR SANCHEZ never likes to give direction without knowing how

much it's going to cost. That's why she needs to know if that 3-3.5% included the public project. We just had our 125th birthday last year. Staff talked about some of the observations during the work of replacing pipes west of the I-5 Highway. They were very close to failure. We cannot have that happen. It's going to be difficult, but we need to go forward on this.

Her direction to staff would be to go forward.

COUNCILMEMBER KERN thinks the only project we got hung up on was La Salina. Everyone agrees that we have to do something with that plant. He's in agreement with all of the other water projects. He'd like to see the Lake Boulevard pump station project moved up. We're paying a \$200 an acre foot difference, and we're talking about 5,000 acre feet. We're about \$1,000,000 a year in cost that we can avoid by bringing that online as soon as possible.

Everybody knows we have to do something at the Las Salina plant, but he's just not comfortable with what we're going to do yet. He's in complete agreement with all of the other projects brought forward, especially on the water side. If staff is looking for direction, he says go forward with that and all of the maintenance issues with sewer, especially the pipeline. That's been our biggest problem in the last couple of years because we've deferred maintenance. Unfortunately, we haven't been raising the rates to cover our maintenance costs. We end up paying for that in the long-term.

That would be his recommendation. The only thing Council has to make a decision on in the long-term is how we're going to handle La Salina.

COUNCILMEMBER FELIEN supports moving ahead on schedule. We certainly don't want to be in the situation other cities are in by not keeping up on their infrastructure and maintenance. Even though all of these other costs are currently higher than Metropolitan Water District, once they're in, they're fixed. The Metropolitan Water District is going up to \$3,000 an acre foot. It's worth it to get fixed-cost water, even though it's temporarily more expensive. Our current cheapest water processing was our most expensive water when it was put in. Now it's our cheapest because we've derived the benefit of long-term planning. That's something the City can be proud of. We certainly want to go forward with that same mindset.

COUNCILMEMBER FELLER has given tacit approval on the capital improvements. We have to go forward with all of those projects. If one has a higher priority, like the Lake project, then he's happy to support that. He wanted to ask earlier about slip lining. The department is doing some of that as a temporary fix, but how long is that fix good for?

MR. DAFFORN responded most of the pipeline we look at is vitrified clay pipe (VCP), which is fairly old. It's in a brittle state and subject to root intrusion, backups and plugged lines. When you do a slip lining on that with the Insituform or Sancon type liner, it will double the life of the pipe. It's like installing a new pipe. It's almost like a PVC (Polyvinyl Chloride) pipe. It's structurally sound. At a dollar per foot, it's the cheapest rehab you can do on sewer pipe, as long as you don't need to upsize and there's not a capacity issue. In areas where this makes sense, he wants to do quite a bit of that work because it will make our system much more robust, and hopefully reduce our backups and spills.

COUNCILMEMBER FELLER asked if they are using that as part of this process going forward.

MR. DAFFORN responded yes.

COUNCILMEMBER FELLER is not in favor of taking 6-8 months on this decision about the pump station or MBR project. We need to start this in motion. He didn't come here prepared to make a decision. There may even be another alternative.

March 26, 2014

Mayor and Council
Workshop

You could rebuild La Salina. How much is that going to cost? We have to think about what we've talked about and go forward with the best option.

MAYOR WOOD stated his point is to go forward. Staff is looking at the priorities on the list to determine if there's one above the others. Tomorrow it might change, but they're going to be talking about it with the City Manager, who will make sure staff does all of those things. Council gives direction and sets policy, but the City Manager is going to run it and will let staff know about those details.

San Diego has a pipe break almost every day because they failed to preserve their infrastructure. The cost of some of those breakages is so astronomical that you could fix all of the pipes in the City with the cost of the fines. He doesn't want that to happen. La Salina scares him because it's so close to the water. It's downstream from Buccaneer Beach and the ocean. That could be a massive fine, so it is a priority.

2. **Public Communications on City Council Matters (Off-Agenda Items) – None**

ADJOURNMENT:

MAYOR WOOD adjourned this meeting to Wednesday, April 2, 2014 at 2:00 PM. This adjourned meeting of the Oceanside City Council was adjourned at 3:49 PM, Wednesday, March 26, 2014.

ACCEPTED BY COUNCIL:

Zack Beck
City Clerk, City of Oceanside