MEMORANDUM

TO: CITY COUNCIL
FROM: JAMES A. BERGMAN, CITY MANAGER
SUBJECT: REVIEW OF CENTRAL COAST BLUE DRAFT MEMORANDUM OF AGREEMENT FRAMEWORK
DATE: JANUARY 28, 2020

SUMMARY OF ACTION:
Review, discuss, and provide direction related to the draft Central Coast Blue Memorandum of Agreement framework.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:
There is no immediate fiscal impact from providing direction on the draft MOA framework. However, participation in the Central Coast Blue project will require a substantial financial commitment from the City along with other partner agencies.

RECOMMENDATION:
It is recommended the Council review the draft Memorandum of Agreement cost-sharing framework for Central Coast Blue and provide input to staff regarding next steps.

BACKGROUND:
The City relies on two sources of allotted water supply: groundwater (1,323 acre feet per year (afy) from the Santa Maria Groundwater Basin and 200 afy from the Pismo Formation) and Lopez Lake surface water (2,290 afy) for a total of 3,813 afy. During years of normal rainfall, the City should have sufficient water supplies to adequately serve projected development and population increases well into the future. However, during the most recent extended drought, municipal groundwater users in the Northern Cities Management Area (NCMA) needed to reduce groundwater pumping by approximately 80 percent in order to balance inflow and outflow from the groundwater basin and protect against the threat of seawater intrusion. Multiple dry years or extended droughts are a growing long-term risk of reduced water availability that can be avoided by diversifying the City’s water portfolio with the Central Coast Blue project.

The City has considered a number of options to improve water supply reliability including conservation, raising the Lopez Lake spillway, supplemental State water, cloud seeding, desalinated water, and recycled wastewater. Of these options recycled wastewater has been determined to be the most feasible and has the ability to produce the most reliable source of supply. The City of Pismo Beach, the South San Luis Obispo County Sanitation District (SSLOCSD), and the cities of Arroyo Grande and Grover Beach have been participating in the
preliminary phases of development of a project that would include a wastewater treatment facility and recycled water distribution system known as the Central Coast Blue project. The Council received an update on Central Coast Blue at the August 27, 2019 Council meeting. The project could potentially provide up to 3,500 afy of additional water supply for groundwater recharge or agriculture irrigation and help ensure the resiliency and security of the groundwater basin. The agencies are currently completing environmental review and preliminary engineering for the project and have developed a draft cost sharing Memorandum of Agreement for consideration by each of the participating agencies to provide a policy commitment to continue this project and allocate costs appropriately.

The City of Pismo Beach has served as the lead agency for the Central Coast Blue project since its inception in 2016. The proposed project will purify wastewater effluent and inject it into the groundwater basin at select sites in Grover Beach and Oceano. Phase I of the project will utilize wastewater effluent from the Pismo Beach wastewater treatment plant (WWTP) and will provide supplemental groundwater to participating agencies. If determined necessary at some future time, an additional phase of the project would allow Central Coast Blue to purify the effluent from the SSLOCSD’s WWTP and inject it into the groundwater basin for a greater acre-foot yield. The partner agencies, which consist of the cities of Grover Beach, Arroyo Grande, and Pismo Beach along with SSLOCSD formed a cost and benefit sharing subcommittee at the staff level to draft a framework which outlines how costs and benefits for the project will be distributed. The result of these efforts is the draft Memorandum of Agreement (MOA) framework included as Attachment 1 to this report. The Oceano Community Services District participated in initial development of the project, but their staff has recently indicated that Oceano Community Services District will not benefit from the project as it does not need the additional water produced and thus does not intend to continue participating.

The draft MOA proposes that participating agencies divide project costs and benefits based on their current share of groundwater allocations and provides a mechanism for reimbursing the City of Pismo Beach for excess funds that Pismo Beach advanced to begin the project. Under this methodology, the City’s proposed cost allocation for the project would be 39% compared with an allocation of 41% for Grover Beach and 20% for Pismo Beach. The MOA also provides a mechanism for non-participating agencies to “buy” into the project at a later date in order to receive benefits from the project and identifies how participating agencies will share in grant funds and contributions from SSLOCSD.

In addition to outlining costs and benefits, the MOA indicates how non-participating agencies will manage their groundwater resources without impacting the benefits from Central Coast Blue. In particular, the MOA indicates that all NCMA agencies, whether participating in the project or not, limit their groundwater pumping to an amount that maintains a barrier against seawater intrusion without groundwater injection from the project. The MOA defines the amount of NCMA municipal pumping that could be achieved year-over-year without violating the seawater intrusion criteria as the “Natural Yield” and water produced solely by the project as “Project Water.” The MOA provides a reimbursement method for any agency that pumps groundwater in excess of their allocation of Natural Yield plus Project Water.
Staff recommends that the Council review and provide feedback on the draft MOA framework. The Pismo Beach City Council reviewed this draft on December 3, 2019 and the Grover Beach City Council reviewed it on January 21, 2020. It is estimated that a final document would be brought back to each respective Council for approval within the next 2-3 months in order to maintain project eligibility for upcoming State and Federal grant opportunities for construction which require application submittal in the summer of 2020. The City of Pismo Beach was awarded a State Proposition 1 grant for the project in the amount of $2 million and a Federal Title XVI grant in the amount of $800,000 both for planning and design work. The City of Pismo Beach and participating agencies will continue to pursue additional grant funds that could fund a significant portion of construction work.

ANALYSIS OF ISSUES

Project Costs and Cost Sharing
There is no immediate fiscal impact from providing direction on the draft MOA framework. However, participation in the Central Coast Blue project will require a substantial financial commitment from the City along with other partner agencies. Each agency’s cost is based on the proportionate share of benefits tied to the established groundwater allocation and if the project were successful in receiving additional grant funding, each city’s cost share would be proportionately reduced. Most of the costs beyond the pre-construction phase are expected to be financed which would spread the cost burden out over a multi-year period. To date, the City of Pismo Beach has funded a disproportionate share of the costs during the pre-construction phase. To remedy this imbalance, the cost-sharing framework provides for reimbursement from the other participating agencies until the costs are balanced based on participation and benefit levels. Water Systems Consulting (WSC), the project design consultant, has provided estimates for the three main categories of costs related to the project (pre-construction, construction and ongoing operations and maintenance). Table 1 is a summary of these costs and the City’s projected share prior to the project receiving additional grant funding:

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Cost</th>
<th>Arroyo Grande Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Construction (one-time)</td>
<td>$ 6,183,445</td>
<td>$ 2,411,544</td>
</tr>
<tr>
<td>Construction (one-time)</td>
<td>$ 35,432,845</td>
<td>$ 13,818,810</td>
</tr>
<tr>
<td>Operations and Maintenance (ongoing)</td>
<td>$ 2,260,000</td>
<td>$ 881,400</td>
</tr>
</tbody>
</table>

The preconstruction costs include preliminary design work, program management, regulatory agency permitting, grant applications, environmental compliance (CEQA) and final design work. To date, the City of Pismo Beach has advanced $2,168,725 toward these efforts and has received $680,955 from other agencies in reimbursement given the regional nature of this project (see Table 2 below). An additional $4,014,720 is projected to be spent on pre-construction costs from FY 2019-20 through FY 2021-22 for a total estimated pre-construction cost of $6,183,445.
Table 2. Agency Contributions

<table>
<thead>
<tr>
<th>Other Agency Contributions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>South County Sanitation District SEP Funds</td>
<td>$221,963</td>
</tr>
<tr>
<td>City of Arroyo Grande</td>
<td>144,811</td>
</tr>
<tr>
<td>SSLOCSD Cost Share EIR</td>
<td>110,656</td>
</tr>
<tr>
<td>City of Grover Beach</td>
<td>110,000</td>
</tr>
<tr>
<td>Zone 3 Grant from SLO County</td>
<td>59,214</td>
</tr>
<tr>
<td>SSLOCSD Planning Study</td>
<td>34,311</td>
</tr>
<tr>
<td>Total</td>
<td>$680,955</td>
</tr>
</tbody>
</table>

In order to reimburse the City of Pismo Beach for funds advanced, the draft MOA provides that the remaining pre-construction costs be shared evenly by the other participating cities (Grover Beach and Arroyo Grande) until Pismo Beach is repaid up to each agency’s contribution amount. Table 3 below shows the calculation of remaining reimbursement amounts from each city toward the remaining estimated pre-construction costs. The City’s share of reimbursing these costs is $700,992 which would be paid back over the next two years as work progresses.

Table 3. Agency Pre-Construction Cost Allocation and Reimbursements

<table>
<thead>
<tr>
<th>Agency</th>
<th>Allocation</th>
<th>Allocated Cost</th>
<th>Less Previous Contributions</th>
<th>Remaining Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arroyo Grande</td>
<td>39%</td>
<td>$845,803</td>
<td>$110,000</td>
<td>$735,803</td>
</tr>
<tr>
<td>Grover Beach</td>
<td>41%</td>
<td>889,177</td>
<td>144,811</td>
<td>744,366</td>
</tr>
<tr>
<td>Pismo Beach</td>
<td>20%</td>
<td>433,745</td>
<td>1,913,914</td>
<td>(1,480,169)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$2,168,725</td>
<td>$2,168,725</td>
<td>$-</td>
</tr>
</tbody>
</table>

The estimated construction costs to complete Phase 1 include $31,356,500 for construction, $3,135,650 for construction management and $940,695 for construction phase engineering for a total of $35,432,845 with $13,818,810 (39%) being the Arroyo Grande share. Assuming the partner agencies would finance construction costs, the estimated total annual debt service is $1.6 million per year based on a 30-year loan with $624,000 being the annual Arroyo Grande share. Ongoing operation and maintenance costs are estimated to be $2,260,000 per year with $881,400 as the Arroyo Grande share. Construction is expected to begin in 2022 with annual debt service payments not beginning until construction is completed in 2024 and ongoing operation and maintenance costs also beginning at that point. Final costs will be established with the completed project design and potential receipt of additional grant funding. Currently, the City has $1.1 million in the Water Availability Fund (impact fees from new development to be used to develop new water supplies) which could be considered to be used for costs already incurred or for future costs.
Remaining funding for the project including pre-construction, construction and operations and maintenance are part of a multi-year utility rate study which incorporates the City’s future costs for Central Coast Blue pending potential Council future adoption of the cost-sharing MOA. Staff will bring this rate study forward for consideration by the Council in February. Preliminary estimates indicate that the cost of Central Coast Blue to the average water ratepayer will be $7.60 per month in FY 2024-25. This monthly cost does not include potential significant reductions if additional State and Federal grants are received.

Next Steps
A policy decision to commit to or decline participating in the Central Coast Blue project will be forthcoming in the next two to three months. Staff recommended next steps are:

1. Review the MOA and provide input to staff to be used in upcoming Central Coast Blue staff level discussions (tonight’s item).
2. Review water rate increases necessary to implement Central Coast Blue and consider a Proposition 218 rate process (February and March).
3. If rate increases are successful through the Propositions 218 process, Council can consider signing the MOA and fully commit to the project.

ALTERNATIVES:
The following alternatives are provided for City Council consideration:

1. Review the draft Memorandum of Agreement cost-sharing framework for Central Coast Blue; or
2. Provide other direction to staff.

ADVANTAGES:
Review of the draft Central Coast Blue Memorandum of Agreement framework will allow discussion by the City Council, the public, and staff.

DISADVANTAGES:
There are no disadvantages in reviewing the draft Central Coast Blue framework Memorandum of Agreement framework.

ENVIRONMENTAL REVIEW:
No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:
The Agenda was posted at City Hall and on the City’s website in accordance with Government Code Section 54954.2.

Attachment:
1. Draft Central Coast Blue Memorandum of Agreement
2. Minutes from Pismo Beach City Council of December 3, 2019

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1 Minutes from Grover Beach City Council review of the MOA on January 21, 2020 was not available at time of publication.
SUBJECT: CENTRAL COAST BLUE – GROUNDWATER MANAGEMENT & COST SHARING TERMS

1. Purpose
   a. The purpose of this MOA is to identify and agree upon the groundwater pumping and cost sharing frameworks for Central Coast Blue, Phase 1 (“PROJECT”).

2. Background
   a. The NCMA agencies have worked collaboratively to manage groundwater pumping in their portion of the SMGB since development of the 1983 Gentlemen’s Agreement, which allocated the estimated available groundwater amongst the municipal and agricultural pumpers in the NCMA.
   b. The Gentlemen’s Agreement was further formalized in the 2002 Management Agreement and incorporated into the SMGB Adjudication in the 2005 Stipulation. The NCMA Municipal Pumping Allocations from the Management Agreement are outlined in Table 1.

Table 1. NCMA Municipal Pumping Allocations

<table>
<thead>
<tr>
<th>NCMA Agencies</th>
<th>Groundwater Allocation (AFY)</th>
<th>Ag Conversion Credits (AFY)</th>
<th>Current Groundwater Allocation (AFY)</th>
<th>Fraction of Groundwater Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arroyo Grande</td>
<td>1,202</td>
<td>121</td>
<td>1,323</td>
<td>0.31</td>
</tr>
<tr>
<td>Grover Beach</td>
<td>1,198</td>
<td>209</td>
<td>1,407</td>
<td>0.32</td>
</tr>
<tr>
<td>OCSD</td>
<td>900</td>
<td>900</td>
<td>900</td>
<td>0.21</td>
</tr>
<tr>
<td>Pismo Beach</td>
<td>700</td>
<td>700</td>
<td>700</td>
<td>0.16</td>
</tr>
<tr>
<td>Total</td>
<td>4,000</td>
<td>330</td>
<td>4,330</td>
<td>1.00</td>
</tr>
</tbody>
</table>

c. Seawater intrusion was identified as a threat to SMGB in the 1960s and was one of the driving factors for the construction of Lopez Dam and connection to the State Water Project.

d. Evidence of seawater intrusion was detected in 2009 in NCMA Sentry Well 32S/13E-30N02 and the Oceano Blue Well (32S/13E-31H11).

e. In response to the detection of seawater intrusion, the NCMA agencies dramatically reduced their groundwater pumping and began investigating supplemental supply opportunities to improve water supply reliability and groundwater protection.

f. Through numerous supplemental supply alternative studies, outlined below, the PROJECT was identified as the preferred alternative for protecting NCMA groundwater and improving water supply reliability for the region.
   i. SSLOCS Desalination Feasibility Study – prepared by Arroyo Grande, Grover Beach and OCSD
   ii. Lopez Spillway Raise Project Report – NCMA Technical Group
   iii. Regional Recycled Water Strategic Plan – San Luis Obispo County
   iv. Recycled Water Facilities Planning Study – Pismo Beach
3. Central Coast Blue Overview
   a. Regional, multi-phase groundwater protection project that will allow capture of water currently discharged to the ocean and put it to beneficial use as a seawater intrusion barrier.
      i. Phase 1 – advanced treatment and injection of Pismo Beach flows
         a. The “PROJECT” refers to Phase 1
      ii. Phase 2 – add advanced treatment and injection of SSLOCSD flows
   b. Key Project Components
      i. Advanced treatment facility (ATF)
      ii. Recycled water distribution infrastructure
      iii. Injection wells
      iv. Monitoring wells
      v. Potential new extraction wells
   c. Values and Benefits
      i. Provides protection from seawater intrusion
      ii. Improves groundwater basin quality
      iii. Reduces ocean discharge of treated wastewater effluent
      iv. Provides a new, local, sustainable water supply
      v. Offsets demand for State and Lopez surface water supplies
   d. Participating Agencies
      i. City of Arroyo Grande (Arroyo Grande)
      ii. City of Grover Beach (Grover Beach)
      iii. Oceano Community Services District (OCSD)
      iv. City of Pismo Beach (Pismo Beach)
      v. South San Luis County Sanitation District (SSLOCSD)
   e. Contributing Agencies
      i. Three Contributing Water Purveyors have financially committed to implementing PROJECT: Arroyo Grande, Grover Beach, and Pismo Beach.
      ii. OCSD has chosen not to contribute funds to the PROJECT.
      iii. SSLOCSD has committed to funding Construction Costs associated with expanding Central Coast Blue from Phase 1 to Phase 2.
4. Groundwater Management without PROJECT
   a. To protect the groundwater basin from seawater intrusion, the NCMA agencies agree to manage municipal pumping to prevent seawater intrusion from occurring in the NCMA.
   b. Using the NCMA Groundwater Model (GW Model), specific criteria, outlined below, were developed to assist the NCMA agencies in identifying conditions that could induce seawater intrusion.
      i. Seawater Intrusion Criteria
         a. Deep Well Index – Average water level in three NCMA Sentry/Monitoring wells (i.e. 32S/12E-24B03, 32S/13E-30F03 and 32S13E30N02), screened in the lower Paso Robles and upper Careaga formations, to represent the primary municipal production zones of the municipal pumpers in the NCMA. Extended periods where the Deep Well index falls below 7.5 ft have been identified as creating the potential for seawater intrusion. Maintaining the Deep Well Index at or
above the historic Deep Well Index (1977 - 2016) has been identified as one of criteria for preventing seawater intrusion.

b. Onshore Flow – Analysis of historic observations of seawater intrusion in the NCMA and comparison with GW Model estimates of groundwater flow direction have identified a correlation between the detection of seawater intrusion in 2009 (in 32S13E30N02 and Oceano Blue Monitoring Wells) and the GW Model estimates of onshore flow into the lower Paso Robles and upper Careaga formations. GW Model predictions of onshore flow in the lower Paso Robles and upper Careaga formations in the portion of the NCMA north of Arroyo Grande Creek have been identified as an additional criterion indicating the potential for seawater intrusion.

c. The NCMA agencies analyzed multiple predictive municipal pumping scenarios using the GW Model to estimate the amount of NCMA municipal pumping that could be achieved year-over-year without violating the seawater intrusion criteria identified above.

d. The modeling scenarios identified that only a portion of the NCMA Municipal Allocations could be pumped without exceeding the criteria for inducing seawater intrusion. The amount of NCMA municipal pumping that could be achieved year-over-year without violating the seawater intrusion criteria shall be termed the “Natural Yield”.

e. The current estimate of the Natural Yield for the NCMA is defined in the “NCMA Natural Yield Management Agreement”.

f. The Natural Yield shall be divided amongst the NCMA agencies based on their groundwater allocation percentages, see Table 1.

g. Prior to the implementation of PROJECT, the NCMA agencies agree to limit their groundwater pumping to the Natural Yield.

h. As conditions change or as the NCMA agencies understanding of the groundwater basin changes, the NCMA agencies will re-evaluate the NCMA seawater intrusion criteria, the amount of municipal pumping allowable without violating the seawater intrusion criteria, and update the Natural Yield according to the current understanding without the PROJECT.

5. Groundwater Management with PROJECT

a. The GW Model shall be utilized to estimate the additional amount of groundwater that the NCMA Municipal Agencies can pump without violating the seawater intrusion criteria with implementation of PROJECT. This additional groundwater shall be termed the “PROJECT Yield”.

b. The PROJECT Yield shall be allocated based on Water Purveyor Contribution Percentages, which is based on their percentage cost share to PROJECT, see Cost Share Terms section below.

c. The Contributing Water Purveyors will be able to pump their portion of the PROJECT Yield, in addition to their portion of the Natural Yield.

6. Excessive Groundwater Pumping

a. If a NCMA Agency pumps more than their agreed upon portion of the Natural Yield in any given year, then they will reimburse the other NCMA Agencies for the cost of replacement water. The Replacement Water Cost shall be equivalent to the unit cost for PROJECT water. The Replacement Water Cost shall be distributed to the NCMA Agencies proportionally based on the NCMA Municipal Pumping Allocation percentages.
b. If a Contributing Water Purveyor pumps more than their agreed upon portion of the Natural Yield and PROJECT Yield in any given year, then they will reimburse the other Contributing Water Purveyors for the cost of replacement water. The Replacement Water Cost shall be equivalent to the unit cost for PROJECT water. The Replacement Water Cost shall be distributed to the other Contributing Water Purveyors proportionally based on the other Water Purveyor Contribution Percentages.

c. If a Contributing Water Agency reduces their pumping in response to another agency pumping more than their Natural Yield or PROJECT Yield, then that agency that reduced pumping shall receive the Replacement Water Cost directly proportional to the volume of groundwater that they pumped below their Natural Yield or PROJECT Yield allocation.

7. Cost Sharing Terms
   a. PROJECT Yield Cost Sharing
      i. The PROJECT Yield shall be allocated to the Contributing Water Purveyors based on their percentage of the cost share for PROJECT. The Water Purveyor Contribution Percentage is to be based on the Groundwater Allocation of the Contributing Water Purveyors, see Table 2 below.

   Table 2. PROJECT Water Purveyor Contribution Percentages

<table>
<thead>
<tr>
<th>PROJECT Contributing Water Purveyors</th>
<th>Current Groundwater Allocation (AFY)</th>
<th>Fraction of Groundwater Allocation</th>
<th>Water Purveyor Contribution Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arroyo Grande</td>
<td>1,323</td>
<td>0.39</td>
<td>0.39</td>
</tr>
<tr>
<td>Grover Beach</td>
<td>1,407</td>
<td>0.41</td>
<td>0.41</td>
</tr>
<tr>
<td>Pismo Beach</td>
<td>700</td>
<td>0.20</td>
<td>0.20</td>
</tr>
<tr>
<td>Total</td>
<td>3,430</td>
<td>1.00</td>
<td>1.00</td>
</tr>
</tbody>
</table>

b. Pre-Construction Costs
   i. PROJECT Pre-Construction Costs are those costs paid by each Contributing Water Purveyor starting with the Pismo Beach Recycled Water Facilities Planning Study through award of the first construction contract for the full-scale PROJECT implementation.
   ii. To-date, Pismo Beach has funded the majority of pre-construction costs. To reconcile pre-construction cost allocation in line with Water Purveyor Contribution Percentages, Arroyo Grande and Grover Beach shall split (Arroyo Grande 50%, Grover Beach 50%) the remaining pre-construction costs until the cumulative contributions approximately match the Water Purveyor Contribution Percentages.
   iii. Once pre-construction cost contributions approximate Water Purveyor Contribution Percentages, the remaining pre-construction costs will be split at the Water Purveyor Contribution Percentages.
   iv. Reimbursement Structure
      1. The Pismo Beach will maintain primary contracts for PROJECT pre-construction activities. Pismo Beach will enter into cost share agreements with Arroyo Grande and Grover Beach to cover their portions of the pre-construction costs.
ii. SSLOCSD Contributions to pre-construction costs shall be credited toward its Member Agencies’ (i.e. Arroyo Grande, Grover Beach and OCSD) contributions proportionally to their revenue contribution to SSLOCSD.

c. Construction Cost Sharing
   i. PROJECT construction costs are those costs that start with the first construction contract for the PROJECT through determination of construction Substantial Completion.
   ii. PROJECT construction cost sharing will be split between the SSLOCSD and the Contributing Water Purveyors.
      a. SSLOCSD Contributions
         a. To provide for the opportunity to divert water from its ocean discharge in the future, SSLOCSD will contribute to the incremental capital costs to expand facilities necessary for PROJECT to accommodate Central Coast Blue Phase 2 in the future.
         b. The framework for calculating the Phase 2 incremental costs will be developed through collaboration between SSLOCSD and the Contributing Water Purveyors.
         c. In the event that new regulatory or legal requirements compel SSLOCSD to claim benefits in the PROJECT, SSLOCSD can “buy-in” to the PROJECT at an equivalent cost to the Contributing Water Purveyors to participate in the project. Equivalent costs shall account for the time-value of money and the depreciated value of the infrastructure at the time of purchase.
      b. Contributing Water Purveyor Contributions
         a. The Contributing Water Purveyors will pay for the remaining Construction Costs based on the Water Purveyor Contribution Percentages.

d. Operations Cost Sharing
   i. PROJECT Operations Costs are those costs that start [after?] determination of Substantial Completion of PROJECT completion.
   ii. PROJECT Operations Cost sharing will be split between the Contributing Water Purveyors based on Water Purveyor Contribution Percentages.

e. Buy-in Costs
   i. Buy-in Agencies that want to “buy-in” to the project after project construction, shall be responsible for paying an equivalent cost to the Contributing Water Purveyors to participate in the project. Equivalent costs shall account for the time-value of money and the depreciated value of the infrastructure at the time of purchase.
   ii. The Buy-in costs shall be negotiated between the Contributing Water Agencies and the Buy-in Agency.

f. Grant Funding
   i. Grant funds obtained to offset PROJECT pre-construction or construction costs will reduce the total PROJECT pre-construction or construction costs to be shared by each of the Contributing Water Purveyors.

8. Cost Sharing Modifications
a. Changes to cost sharing of pre-construction, construction, and operations costs may be re-considered if OCSD or SSOCSOD chooses to contribute more than determined herein. PROJECT Yield and/or benefits would be re-visited as well.
Call for public comment: No comment.

Action: Adopt a Resolution approving stop sign public art for the Shell Beach Streetscape Project.

Motion: Reiss
Second: Blake

Vote: The motion passed on the following vote:
Ayes: 5 Reiss, Blake, Guthrie, Howell, Waage
Noes: 0
Absent: 0
Abstain: 0
Recused: 0

Legislative Record: Resolution R-2019-094 adopted.

Item 12.C: Central Coast Blue Memorandum of Agreement Framework (Fine)

Recommendation: Review and provide feedback on the content of the Draft Memorandum of Agreement (MOA) Framework for Central Coast Blue.

Presenting staff:
Benjamin Fine, Public Works Director/City Engineer
James R. Lewis, City Manager

Call for public comment: No comment.

Action: Consensus in support of the agreement framework as presented with the following additional direction:

1. Include the following language in MOA Framework Section 7.b.ii:

In the event that the costs funded by Pismo Beach, Arroyo Grande, and Grover Beach do not match the cumulative contributions in the Water Purveyor Contribution Percentages prior to construction, the cities shall structure the construction financing to achieve the contributions in the Water Purveyor Contribution Percentages.

In support: 5 Blake, Guthrie, Reiss, Howell, Waage
In opposition: 0
Absent: 0
Abstain: 0
Recused: 0
2. Require the payment of interest by other participating agencies on the funding advanced by the City for the Central Coast Blue project, up to its Water Purveyor Contribution Percentages.

In support: 3 Guthrie, Reiss, Waage
In opposition: 2 Blake, Howell
Absent: 0
Abstain: 0
Recused: 0

13. CITY COUNCIL COMMENTS AND REQUESTS

Consensus to agendize consideration of potentially designating a park or other area of the city in which to allow dogs off leash, for a future goal-setting session.

14. ADJOURNMENT

At 7:56 p.m.

APPROVED: 
Ed Waage, Mayor

ATTEST: 
Erica Inderlied, City Clerk