



AGENDA NO: Supplement to B-2

MEETING DATE: January 11, 2011

Staff Report

TO: City Council

DATE: January 6, 2011

FROM: Rob Livick, PE/PLS/Public Services Director

SUBJECT: Appeal of the Planning Commission's decision to deny certification of the Morro Bay Cayucos Sanitary District Wastewater Treatment Plant Environmental Impact Report and denial of the Coastal Development Permit CP0-339 and Conditional Use Permit UP0-307.

SUMMARY:

On January 6, 2011 the City received the attached correspondence from Roger Briggs the Executive Director for the California Regional Water Quality Control Board – Central Coast Region. The letter supports the currently proposed upgrade project and certification of the Final EIR. The letter also reminds the City and Cayucos Sanitary District of failure to comply with the time schedule stipulated in the Settlement Agreement has consequences.

ATTACHMENT:

Attachment 1 – Letter Dated January 6, 2011 from the California Regional Water Quality Control Board – Central Coast Region

Prepared By: RL

Dept Review: RL

City Manager Review: _____

City Attorney Review: _____



California Regional Water Quality Control Board Central Coast Region



Linda S. Adams
Acting Secretary for
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Edmund G. Brown Jr.
Governor

January 6, 2011

Morro Bay City Council
595 Harbor Street
Morro Bay, CA 93442

Honorable City Council Members:

PENDING ADOPTION OF THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE UPGRADE OF THE MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT, SAN LUIS OBISPO COUNTY

I am writing this letter in support of the proposed wastewater treatment facility upgrade project and to recommend you certify the December 13, 2010, Final Environmental Impact Report (FEIR) for the project and approve the proposed conditional use permit and coastal development permit. The timely completion of the project pursuant to the time schedule spelled out within the December 4, 2008, *Settlement Agreement for Issuance of Permits to and Upgrade of the Morro Bay-Cayucos Wastewater Treatment Plant* (Settlement Agreement) between the Water Board and the Joint Powers Agreement Board (JPA) consisting of the City of Morro Bay and Cayucos Sanitary District is currently dependent on the adoption/certification of the FEIR and accompanying permits. Failure of the JPA to implement the project pursuant to the schedule set forth in the Settlement Agreement may subject the JPA to Water Board enforcement actions, including imposition of monetary liabilities. Moreover, not approving the project will result in delaying required upgrades to the existing wastewater treatment facility that will improve the quality of wastewater discharged to Estero Bay and bring the facility into full compliance with the federal Clean Water Act. The proposed project also sets the stage for water recycling that will decrease the volume of wastewater discharged to Estero Bay over time and help provide sustainable water supplies for the community.

Based on our review of the comments and responses contained within the FEIR, I would like to provide our perspective on several key issues before you.

Although we cannot specifically comment on the consistency of proposed project with the Coastal Act or Local Coastal Plan (LCP), we do not consider the proposed project to be a new development project at a new location, but rather an upgrade to an existing wastewater treatment facility at an existing site currently designated for that use. This

is consistent with our facility permitting activities and oversight of numerous facility upgrade projects. This appears to be the first case within our Region in which various permitting authorities are claiming a wastewater treatment facility upgrade project is a new development project. Using this argument to leverage an alternative project location could result in the project either being stillborn or the increased expenditure of public monies to evaluate, design, permit, build, and operate a new facility at a different location that will likely result in additional and potentially significant and ongoing impacts to public resources above those which have been identified for the proposed project at the existing facility location. The proposed upgrade project is designed to mitigate or completely eliminate various impacts associated with the existing facility and should therefore be considered the environmentally preferred alternative.

Questions and concerns have arisen regarding the proposed facility upgrade design flows (i.e., treatment capacity), which are less than the existing facility design capacity and projected buildout wastewater flows specified within the Estero Area Plan and LCP. Although we agree that the response to comments contained within the FEIR sufficiently addresses this issue (see response to COASTAL-15 on page 10-25), we would like to provide some additional context. General planning documents are useful in estimating buildout wastewater flow conditions, but should not be relied on as the sole basis for determining appropriate design capacity. This is particularly true when more detailed analyses are available such as those which are contained within the Morro Bay Cayucos Sanitary District Wastewater Treatment Plant Facility Master Plan (FMP). The proposed design flows specified within the FEIR as supported by the FMP provide sufficient excess capacity above existing wastewater flows as documented within discharger monitoring reports submitted to our agency. As noted in the FEIR, it is also customary to size wastewater treatment facilities based on the projected buildout flows at the time the facility is expected to reach its useful life and not total projected buildout flows. Furthermore, it should be noted that oversizing wastewater treatment facilities is not only cost prohibitive from both a construction and operational/maintenance standpoint, but can also result in operational problems leading to inconsistent or diminished effluent quality.

In May 2007 the Morro Bay City Council and Cayucos Sanitary District Board of Directors both unanimously approved, independently of each other, an upgrade of the facility to achieve tertiary treatment standards. However, the Settlement Agreement only requires the JPA to upgrade the facility to full secondary treatment in compliance with the Clean Water Act. Consequently, the proposed project goes above and beyond the Settlement Agreement by proposing an upgrade capable of treating 100 percent of the effluent to Clean Water Act secondary treatment standards plus tertiary filtration to initially achieve Title 22 Water Recycling Criteria for "disinfected secondary-23 recycled water" for up to 1.5 million gallons per day (mgd). The proposed tertiary filtration provides additional treatment beyond secondary standards that will result in an initial limited diversion of wastewater for reuse/reclamation via end uses that are immediately

available based on existing demand, allow for increased reuse of up to 1.5 mgd of recycled water, and allow for the future expansion/upgrade of tertiary treatment facilities as new end uses are identified and implemented. The proposed project is forward thinking with regard to water recycling given significant end uses for recycled water have yet to be identified and developed within the area and it clearly sets the stage for the development and implementation of a recycled water master plan. The proposed project is therefore in alignment with the statewide water recycling and conservation goals set forth within the State Water Resources Control Board Recycled Water Policy (Resolution No. 2009-0011) and California's 20x2020 Water Conservation Plan. Given the tertiary filtration portion of the project is not required pursuant the Settlement Agreement or any other existing statutes, we are concerned that a protracted stalemate over the approval of the FEIR or required permits based on potentially unreasonable or unrealistic conditions could result in a JPA decision to scrap the proposed project and implement only the minimum upgrades required to comply with the Settlement Agreement and the Clean Water Act. This would be a significant loss to the local community in improving water supply sustainability.

In conclusion, I urge you to approve the FEIR and adopt the permits in an effort to move this project forward given it will provide significant benefits not only to the communities of Morro Bay and Cayucos, but also to the surrounding communities and the environment. Failure to do so may result in a less desirable project and/or potential Water Board enforcement action pursuant to the Settlement Agreement.

If you have any questions regarding this matter, please contact **Matthew Keeling** at **(805) 549-3685** or at mkeeling@waterboards.ca.gov, Harvey Packard at (805) 542-4639.

Sincerely,



Roger W. Briggs
Executive Officer

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