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

"California Environmental Protection Agency
Recycled Paper"
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