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PRESS RELEASE

FOR IMMEDIATE RELEASE

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REFERENDUM AGAINST ANNEXING PROPERTY FOR WATER RECLAMATION FACILITY COULD COST MORRO BAY RATEPAYERS; PROJECT MOVING FORWARD

Morro Bay, Calif. – A referendum to repeal the pre-zoning of a 27.6-acre tract to house the City of Morro Bay Water Reclamation Facility (WRF) will cost Morro Bay ratepayers more money if approved, but will not stop the project from moving forward, according to City officials.

“We have a responsibility to the Morro Bay community to provide clean and reliable water and effective wastewater services,” said Mayor John Headding. “The majority of our community has spoken numerous times on the WRF – they understand the need for this project, and it is our responsibility to keep it on schedule and within budget, meeting important water quality requirements and our community’s needs.”

In September, a citizen group filed a referendum petition against an approved ordinance that would establish pre-zoning, to facilitate annexing the South Bay Boulevard/HWY 1 parcel from the County to the City for the WRF. If the facility site is not annexed, the City can still locate and operate the WRF at that location, but would incur additional costs, including those associated with County property taxes.

The City will continue forward with the WRF project, as any significant delay or change in project location will create additional project costs, jeopardize millions of dollars in federal and state funding, and lead to fines and customer rate increases. To date, the City has received a recommendation by the State Water Resources Control Board for up to \$105 million in low-interest loans and grants, and is finalizing a low-interest loan agreement with the U.S. Environmental Protection Agency for the Water Infrastructure Finance and Innovation Act (WIFIA) loan program.

“This project and the facility site have been fully vetted by our community and environmental regulatory agencies over the last six years,” Headding said. “We will continue forward with the WRF project at South Bay Blvd., which will protect the Estuary, bring a new water supply to the community, and is supported by water and sewer rates on par with our neighbors.”

In response to the referendum, the City is working with San Luis Obispo County Office of Elections and Voting to count and validate the signatures. The City is committed to the democratic process and will release the signature validation effort within the required period of 30 business days.

An initial signature count by the City reported 1,107 signatures. Ten percent of registered voters, or 748 valid signatures, would qualify the referendum petition. If sufficient signatures are validated, City Council will consider the referendum later this fall.

Planning for the WRF has been underway since 2013, with the City analyzing 17 alternative site options to relocate away from the ocean and coastal flooding hazards. Project plans have now been approved by the California Coastal Commission, State Water Resources Control Board, San Luis Obispo County and the City of Morro Bay. Community input has been an integral part of the process. The City convened a Public Works Peer Review and Finance Blue Ribbon Committees, reducing costs and establishing rates on par with Cayucos and less than Los Osos. In the past two years alone, the City held more than 50 public meetings on the WRF, including advisory board and Council meetings.

To meet state and federal requirements and avoid significant fines, the City must construct a new wastewater treatment facility in an inland location by 2023. The WRF Project is consistent with Coastal Act policies by protecting the Morro Bay Estuary and coastal resources, and it will also provide a locally-controlled water source for the Morro Bay community. The new facility will replenish area groundwater by approximately 825 acre-feet of water per year, or about 80 percent of Morro Bay's yearly water needs.

About the Water Reclamation Facility

The City of Morro Bay Water Reclamation Facility Program involves replacing the City's existing wastewater treatment plant with an advanced water purification facility that will meet state regulations, protect the environment, and contribute a safe and reliable water source for Morro Bay's homes and businesses. The project will create a drought buffer and is capable of providing up to 80 percent of the City's water needs in the future.

The project includes construction of a new one million gallon per day advanced treatment facility, two new lift stations, approximately 3.5 miles of pipelines and wells to inject the purified water into a groundwater aquifer, which can be extracted for reuse through the City's existing infrastructure. The current schedule includes construction beginning as early as Fall 2019 and project completion by 2022.

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