



City of Morro Bay

Morro Bay, CA 93442

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August 3, 2012

California Coastal Commissioners
45 Fremont Street
Suite 2000
San Francisco, CA 94105

- A copy of this letter has been provided to California Coastal Commission Staff in accordance with the requirements of Public Resources Code, Sections 30319-30324 – sent by email

Re: De Novo CDP Review City of Morro Bay and the Cayucos Sanitary District Wastewater Treatment Plant Upgrade Response to Staff Report for Hearing August 9, 2012 (Item 17a).

Honorable Coastal Commissioners:

On behalf of the City of Morro Bay and the Cayucos Sanitary District (MBCSD) we are writing this letter in preparation for our upcoming De Novo hearing. MBCSD has been working proactively since 2005 to upgrade its existing Wastewater Treatment Plant (WWTP). The MBCSD WWTP represents one of the last Federal 301 (h) Clean Water Act waivers in the State of California. Elimination of this waiver program, by having all dischargers upgrade to full secondary treatment, is a goal of the United States Environmental Protection Agency (EPA), the Regional Water Quality Control Board (RWQCB), and numerous environmental groups (i.e. the Natural Resources Defense Council, Surfrider Foundation, and the Sierra Club).

MBCSD entered into a Settlement Agreement (Agreement) with the Central Coast RWQCB and the EPA to provide secondary treatment of its wastewater facilities by March 2014. This agreement contains significant fines if MBCSD does not meet the milestones outlined in that agreement. The California Coastal Commission (CCC) Federal Consistency Division found our WWTP to be consistent with the Coastal Act in 2009, in part because of our Agreement mandating the upgrade to full secondary treatment. A Coastal Development Permit (CDP) is required to build the necessary wastewater treatment processes required to increase the quality of

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the plant's effluent allowing for the elimination of the 301 (h) waiver. As a jurisdiction with a certified Local Coastal Plan, the City of Morro Bay was responsible for issuing a CDP, which was subsequently appealed to the CCC. In March 2011, the CCC upheld the appeal and identified additional information that we, the Applicant, would need to prepare prior to the De Novo hearing, including a comprehensive alternatives analysis as well as new and/or expanded technical studies.

MBCSD staff has worked diligently in conjunction with your staff since early 2011, and has spent over five hundred thousand dollars preparing the requested materials. CCC staff participated in the process of preparing these additional materials by providing comments and recommendations on the scope of work of the technical studies at key milestones in addition to reviewing draft documents. They encouraged us in those efforts and indicated that our proposed project was on the right track.

On July 27, 2012, less than two weeks prior to the hearing, we were both surprised and disappointed by the content of the CCC staff report that recommends denial of this important water quality project. While the recommendation for denial was largely unanticipated and jeopardizes nearly a decade long effort by MBCSD to eliminate the 301 (h) waiver, of greatest concern to us is that much of the information included in the staff report is incomplete and/or inaccurate.

The purpose of this letter and attachment is to correct the many inaccuracies found in the staff report released on July 27th, while also providing commentary on the issues raised therein. A large portion of the new and/or enhanced technical documents prepared to respond to CCC staff concerns, (Coastal Hazards Analysis, the Rough and Fine Screening Alternative Sites Analysis, and the Recycled Water Feasibility Study) have been omitted or sections referenced and appended out of context in the CCC staff report.

Attached to this letter, please find a page by page series of requested corrections to the CCC staff report. Of particular concern to us are the following four issue areas:

- 1- The Staff's interpretation of LCP Policy 9.03 regarding inland flooding differs from the meaning and intent contained within the text of the LCP itself that accompanies the policy directive, and does not take into consideration the proposed project design flood mitigation measures that are directly applicable and ensure policy consistency. We believe the misinterpretation could be attributed to what we can assume is the antiquated language in the policy that recognized HUD, and not its current predecessor FEMA, as the primary flood management agency. We assert that the project meets all of the local and Federal flood protection requirements required in Policy 9.03, with the only exception being that FEMA is the successor to HUD as the Federal flood management agency. Regarding ocean flooding, the information and findings contained in the CCC staff report is incorrect.
- 2- CCC staff has identified a "new vision" for the current WWTP site that is inconsistent with the City of Morro Bay's LCP and its Zoning Ordinance. Additionally, the CCC staff has attributed this "new vision" to us, the Applicant. However, our certified LCP and Zoning designation specifically state that the vision for the site and surrounding properties is for the protection of the current facilities at the present location because it is

an ocean-dependent use. If the vision for this area were to be changed, those changes would necessarily require amendment to the LCP and/or would already be reflected in our current policy documents.

- 3- The CCC staff report incorrectly asserts in the text referenced by footnote 70, that the City of Morro Bay has concluded not to pursue wastewater reclamation. The motion made by the MBCSD Board to pursue tertiary treatment went well beyond the requirements of the Agreement with the RWQCB and was done in order to facilitate reclamation. In addition, the proposed project includes several million dollars of treatment process modifications that the MBCSD Board has proactively chosen to include for the purpose of facilitating water reclamation. Included within our proposed Conditions of Approval submitted to the CCC staff on August 1, 2012 are specific policies and requirements that support and identify a feasible and realistic Phase 1 program to utilize the proposed available recycled water following project implementation in a cost-effective manner based on the conclusions contained within the Recycled Water Feasibility Study. While CCC staff should be free to argue that proposed investment in wastewater reclamation is insufficient, our voting record, the investments in reclaimed water we have volunteered to make, and our active pursuit and recent notice of award for grant funding for continued development of a recycled water program do not support the assertion of disinterest.
- 4- The CCC staff report asserts that there is a preferred and superior site (Righetti) to the proposed project site for the placement of the MBCSD WWTP facilities. This assertion conflicts with the findings of the Fine Screening Analysis, which CCC staff participated in reviewing and commenting on. From an environmental and operational standpoint, pumping the entire volume of raw sewage uphill to a site to then treat to tertiary levels prior to offering the recycled water to local farmers located in closer proximity to the site, does not take into consideration the existence of our current wastewater collection system, which is gravity fed, and therefore will require development of a new lift station at the existing site's terminus. Further, should we be directed to pump all of the raw sewage to the Righetti site for treatment, as suggested by CCC staff, the energy and costs associated with conveying raw sewage will rise significantly to all rate payers within our service area. In effect, the new site recommendation would require the rate paying public to subsidize the use of reclaimed water by agriculture users that lie outside of our respective service boundaries, when we have identified a feasible Phase 1 recycled water program that can be immediately implemented upon project approval.

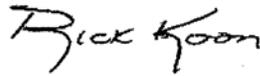
It is the position of the MBCSD that the CCC staff report and recommendation for denial does not accurately reflect the numerous professionally-prepared analyses and technical documents that were provided and discussed at length over the course of the last 12 months. As an applicant and fellow public agency, we believe that accurate information and thoughtful consideration is essential for you as a Commissioner to make an informed decision. For complete copies of the technical reports prepared for this project, including the Recycled Water Feasibility Study, the Coastal Hazards Analysis and the Rough and Fine Screening Alternative Sites Analysis, please visit the City of Morro Bay's Wastewater Treatment Plant Upgrade webpage located at: <http://www.morro-bay.ca.us/index.aspx?nid=352>.

We wish to thank you for taking the time to read and consider this letter. We respectfully request that the Commission **approve the project with the Conditions of Approval** we have previously transmitted under separate cover. We have attached our corrections and comments to the staff report to enable the Commission to base its decision on technically accurate information and are available to answer any specific questions you may have.

Sincerely



Andrea Lueker
City Manager
City of Morro Bay



Rick Koon
District Manager
Cayucos Sanitary District

Cc :

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Comments and Corrections to the CCC Staff Report regarding the City of Morro Bay and Cayucos Sanitary District Wastewater Treatment Plant Upgrade

August 3, 2012

Preliminary Matters

In terms of format, we will generally provide the disputed text in *italics*, a response to that disputed text, and a citation to the materials previously provided to your staff to clarify, and/or refute, the inaccurate information included in the staff report. In areas where commentary has been added to better understand the project, citations may not be provided.

Comments and Commentary

Summary of Staff Recommendation page 1, first paragraph disputed text:

“The WWTP site is subject to significant development constraints, and due to the proposed site of the plant ...”

The existing and future proposed facilities largely occupy the same physical parcel and are on currently developed land being used for industrial purposes by the City and District. The logical construction sequence is to first construct the upgraded facilities, second test and commission their operation, and then once the treatment processes are completed, tie them into the existing influent and effluent lines. This sequence is necessary because there can be no long term interruptions to wastewater service without tremendous risk of environmental damage. Once all the upgraded treatment processes are operating properly, the existing facilities will become redundant and will be removed/cleared to improve potential flood water passage in the vicinity.

Page 2, third paragraph: *“...would also be inundated in a 100-year storm event through a combination of inland flooding (associated with Morro Creek) and ocean flooding, all of which could be exacerbated by sea-level rise over time.”*

Ocean Flooding

The site-specific Shoreline Erosion Study and 100 Year Sea Wave Run-Up Analysis and subsequent analyses prepared by Earth Systems Pacific analyzed hazards associated with potential long-term shoreline erosion, storm surge and wave run-up, and sea level rise. The analysis concludes that the sea wave run-up that could occur during a 100-year storm event over

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the next 100-years would reach a maximum elevation of 15.7 feet, an elevation located approximately 300 feet to the west (seaward) of the site. The analysis also notes that the site is shielded from wave run-up by Atascadero Road and the RV Park, which lie at elevation 21 to 22 feet, adding a 6-foot buffer between the 100-year sea wave run-up elevation and the site. Further, a supplemental assessment (Earth Systems July 2012) which included a review of vertical stereographic aerial photographs proximal to and covering the site to assess historical changes in the site's shoreline configuration, concludes that "the dune ridges have migrated marginally back and forth (to the east and west on the seaward side of Atascadero Road)" but that the dunes, as a landform, are considered stable. The Earth Systems studies conclude, based on the results of the wave run-up analysis, using the worst case scenario coastal data that the WWTP site will not be affected by long-term shoreline erosion, storm surge or wave run-up, or sea level rise for a 100-year time period that extends well beyond the design life of the project.

Inland Flooding

Environmental Science Associates (ESA) prepared a site-specific Flood Hazard Analysis (August 2009) for the WWTP upgrade project, the recommendations of which were considered and incorporated into the project EIR and conditions of approval for the project. In response to the flood hazard analysis and associated EIR mitigation measures, a letter of map revision (LOMR) was filed with FEMA. The new floodplain map, although showing the lateral extent of 100-year flood waters expanding horizontally beyond the current applicable FIRM boundaries, actually lowers the vertical extent of the 100-year floodplain elevation at the site by 2 feet. In addition, a supplement to the ESA study was prepared to analyze the combine effects of inland flooding, projected 100-year sea level rise, 100-year flooding, and the maximum wave run up event. The supplemental analysis reported that the model actually shows a 0.01 foot drop in flood levels on the site, which is indicative that the impacts of these worst-case hazard events are less than the error inherent in the model.

Citation: Fine Screening Analysis Appendix B page 7&8, Flood Hazard Analysis, Addendum to the Flood Hazard Analysis,

Page 2, last paragraph: "*More importantly, this is exactly the type of ocean-fronting land that the Coastal Act and the LCP prioritize...*"

The proposed project is not an ocean front development, as both Atascadero Road and the Morro RV park exist seaward of the proposed project.

Citation: CCC staff recognizes that there are developments to the West of this plant on page 20 of the staff report. This is also shown clearly on Exhibit 2 of the staff report.

Page 2, last paragraph: "*The WWTP is also situated in an area near Morro Rock and the Morro Bay Embarcadero – significant visitor destination-where its potential for recreation is both enhanced and clearly underutilized,...*"

It is inappropriate to state that the recreation potential of an industrial zoned property, located adjacent to other industrial uses, is underutilized. This is a very subjective statement and inconsistent with the City's land use designation for the site in the certified LCP. It is also important to note that Atascadero Road is bisected by Morro Creek, limiting access between the WWTP site and the readily acknowledged popular visitor-serving areas of Morro Rock and the Morro Bay Embarcadero, which are located ¾ mile downcoast of the site.

Page 3, first paragraph: "*it only includes a very modest reclamation component, one that is designed to use onsite (and for no other use)...*"

The proposed project includes facilities for truck filling with reclaimed water which can be used to meet any other off-site reclaimed water demands that arise within the service area.

Page 3, third paragraph: *“Staff believes that the Righetti site,....can provide the most opportunity moving forward for maximizing beneficial recycled water reuse...”*

The Recycled Water Feasibility Study conducted by Dudek clearly demonstrates that the plant location is not the critical factor in developing a recycled water program. In fact, there may be opportunistic detriments to such an idea. Moving the plant would require the construction of a large lift station required to have the capacity to pump all wet weather flows to the new site, resulting in increased energy costs, additional greenhouse gas emissions, a greater potential for catastrophic spills with associated environmental impacts, not to mention environmental impacts associated with construction of the necessary infrastructure. In addition, the Fine Screening Analysis prepared for your staff through a fully vetted public process determined that the existing plant site was the superior option.

Citation: Recycled Water Feasibility Study, Fine Screening Analysis

Page 3, third paragraph: *“The expense of moving to an alternative site....diminishes to negligible when other factors are considered...”*

The rationale for this statement is based on inaccurate assumptions. The reduced costs cited for water reuse do not contemplate other project related costs (lift station at existing site) nor the potential environmental impacts. In addition, the potential revenue the City could earn/accrue from the existing site would be limited due to flood plain related issues if the Commission agrees with the staff analysis on this issue. With all due respect to CCC staff, the additional \$25M required to move the plant will result in increased rates to the local ratepayers, who will likely not find the additional expense negligible on their monthly sewer bills. While cost may not be the determining criteria for siting a plant, City and District staff would not be following their fiduciary responsibilities for the citizens of the local community if they did not attempt to produce a cost effective solution. Detailed cost estimates showing the significant cost differences for both the Righetti site and the existing site were provided in the Fine Screening Analysis. Finally the original Facilities Master Plan prepared by Carollo Engineers in 2007 included 15.7 million dollars of rehabilitation costs for the existing facilities. With the ten year timeline to develop a treatment plant on the Righetti site, it is likely that the existing plant would require significant interim investment. Because the Fine Screening Analysis agreed with the certified EIR that the proposed project was the preferred alternative, the Applicant has not developed some of these more speculative costs for moving the plant to the Righetti site.

Citation: Fine Screening Analysis page 170,171. Carollo Facility Master Plan Report page ES4

Page 3, paragraph 4: *“Because the Righetti site is located in unincorporated San Luis Obispo County...it will require County authorization.....staff has coordinated with the County and has discussed measures to allow for a streamlined review...”*

City and District staff were surprised to hear that CCC staff had coordinated with both the County and RWQCB concerning this project without notifying the City and District that such communication was occurring. In a project of this magnitude, the City feels that it is paramount that all parties be included in any such discussions, especially the applicant. Keeping all parties included in these important discussions provides the best opportunity for a successful solution to these issues. It should be noted that the Fine Screening Analysis included a detailed project schedule associated with developing a WWTP at the Righetti site which concluded, given the various planning, regulatory and procedural activities most likely necessary for the alternative site development (conceptual design, environmental review, annexation, LCP amendment, conditional use and coastal development permits), that this alternative project would conservatively require 10 years to complete. The challenges of siting the plant at the Righetti

site could have been discussed in detail if the applicant had been invited to participate in staff's coordination efforts with the County.

Page 7, Project Site: *"It is immediately adjacent to... Morro Bay High School"*

The High School is not immediately adjacent to the project site but is situated to the North across Atascadero Road.

Page 7, Footnote 2: CCC staff asserts that the Morro Bay Power Plant is in the midst of a *"downsizing and complete modification project"*, and that there have been various reuse concepts identified for the power plant site. This information is incorrect. The downsizing and complete modification of the power plant is not viable at this time, and the application for modernization has been withdrawn from consideration.

Page 9, first paragraph: *"The applicant proposes to use only .4 mgd of that disinfected tertiary recycled water..."*

As determined by the City of Morro Bay's Utilities Manager, .4 mgd is estimated to be the maximum probable urban reuse in Morro Bay. Reusing this quantity of water will offset nearly all outdoor potable water demands in the City's service area.

Page 9, Prior Commission Action:

Staff neglected to include the 2009 Consistency Determination which is the most recent CCC action on this plant. At that time, the CCC found the plant, as proposed to be upgraded to secondary treatment, to be consistent with the requirements of the Coastal Act.

Page 10, footnote 7: Commission staff acknowledges that MBCSD coordinated with them on the preparation of the Alternative Sites Analysis, including the methodology employed for both rough and fine screening components.

We thank the staff for recognizing our coordination with them and wish they had included the additional analyses and technical documents in the attachments to the staff report as those could have been extremely useful to the Commission in its consideration of the matter.

Page 14, LUP Policy 9.03: *"All development...shall be prohibited in the 100-year floodplain area unless off-setting improvements in accordance with the HUD regulations are required..."*

Subsequent to approval of the City's LCP, HUD was replaced by FEMA as the National Flood Management Agency. As such, the LUP Policy 9.03 exception to the prohibition of floodplain development correspondingly applies to projects which include off-setting improvements in accordance with the FEMA regulations. The project as proposed meets both the local and the Federal flood damage prevention regulations through the offsetting improvements proposed and is therefore consistent with LUP Policy 9.03. CCC staff clearly misunderstands flood prevention practice, because in footnote 28 of the staff report they argue that flood damage prevention only relates to residential construction. The CCC staff completely fails to recognize the form and function of Federal regulations on this topic leading to a faulty conclusion.

Page 14, LUP Policy 9.05: *"Plans for development shall minimize cut and fill operations."*

Regardless of the flood plain issue, the fill for the proposed project at the existing site is estimated at 35,000 cubic yards. The Fine Screening Analysis states that for the Righetti site, *"In doing so, the pad elevation of EL.77 results in a large export (cut) quantity, on the order of 90,000 cubic yards."*

Page 15, first paragraph: *“The LCP goes on, in Policy 9.03, to prohibit all new development in the 100 year flood plain areas”*

See comment above about clarifying LUP policy 9.03.

Page 15, LUP Policy 5.03 and footnote 18:

The staff report footnote on page 18 concludes that policy 5.03 *“refers to ‘The Morro Bay Wastewater Treatment facilities’, not future facilities, redeveloped facilities, generic wastewater facilities, or new facilities, but rather The Morro Bay Wastewater Treatment facilities. The LCP does not identify any future development in this context, nor does it explicitly protect any such future development at the site. It only references the facilities as they existed when the LCP was drafted. Thus, absent additional explanation, the policy must be read in the time and context in which it was written, namely referring to the existing WWTP facilities.*

The staff report’s conclusion regarding the inapplicability of LUP Policy 5.03 to the WWTP Upgrade Project is predicated on the notion that Policy 5.03 was intended to apply only to the WWTP facilities as they existed at the time of LCP certification. The staff report supports its conclusion by indicating the LCP does not identify any future development in the context of the WWTP facilities existing at the time of LCP certification. However, the City’s certified LCP requires that the “Morro Bay Wastewater Treatment facilities shall be protected in their present location” and not only anticipates future improvements to the WWTP facility as it existed at that time, but also directs improvements to the existing facilities, in terms of expanded capacity to meet future growth projections and future improvements to implement a recycled water program as part of an upgrade project. The certified LCP specifically anticipates a planned wastewater treatment plant expansion (page 64), as acknowledged by LCP policy 3.06 and permitted through Coastal Development Permit 406-01, and further directs that reclaimed water should be pursued when funded by a potential user or required as part of a wastewater plant upgrade (page 92). There is no evidence to support staff’s conclusion that Policy 5.03 was intended to apply only to the WWTP facilities as they existed when the LCP was drafted, rather, the LCP requires protection of the WWTP while clearly anticipating future changes to its facilities and acknowledging its location in a floodplain (see page 15 staff report reference to page 157 of the City’s LCP).

Page 15, last paragraph: *“Current technology may allow for the elimination of the ocean outfall altogether”*

This statement is incorrect and does not take into account the findings of the Recycled Water Feasibility Study or the Alternative Analysis that identifies the ocean outfall as required for a “fail safe disposal” system. The Recycled Water Feasibility Study did evaluate the concept of eliminating the ocean outfall and it was determined to be infeasible. In addition, because it is anticipated that higher treatment technologies are required (such as RO) for reclamation for agricultural purposes or alternative disposal purposes (such as groundwater injection and/or creek discharge) the outfall would be required for brine disposal.

Citation Page ES11 2012 Recycled Water Feasibility Study

Page 15, footnote 18:

Please see discussion above regarding LUP Policy 5.03

Page 16, first paragraph: *“LUP Policy 5.03....should not be interpreted as the applicant urges, as a sort of LCP “override” for siting an entirely new WWTP facility.”*

The City has never requested any LCP policy “override,” the City simply recognizes the plain language of the LCP as written, that this site be preserved for waste water treatment facilities.

The collective ownership of these properties by MBCSD, the Industrial zoning designation, and the lack of any language in the policy or the LCP as whole indicating intent to limit the policy provisions to only the existing facilities refute CCC staff's interpretation of this LCP section.

Page 16, third paragraph: *"...and the proposed project plans show that the new facility itself is situated partly (around 50%) within this zone."*

The City acknowledges that the existing WWTP is in the flood plain. However, staff fails to acknowledge that the proposed project reduces the facility footprint within the floodplain by 50%. In addition, the proposed project is removed from the flood plain via the use of fill in accordance with standard local and Federal flood damage prevention regulations. In addition, as demonstrated in the Flood Hazards Analysis models 6A and 6B, the project design resulted in a reduction of the effects of flooding on surrounding properties. Again, this is consistent with Federal FEMA regulations and procedures.

Page 16, fourth paragraph: *"Flooding at the WWTP site is associated with both ocean flooding (in storms) as well as flooding from Morro Creek."*

The WWTP does not have impacts from ocean flooding. There is no record of the plant experiencing flooding related to the ocean even during extreme El Nino events such as the 1983 El Nino event. However on the off chance that flooding should occur, design mitigation is included in the project scope and proposed special conditions. As described previously, the coastal hazards analysis prepared by Earth Systems Pacific at the request of CCC staff determined that the site will not be subject to coastal flooding.

Citation: The text associated with footnote 13 of the CCC staff report refutes the assertions made regarding ocean flooding.

Page 16, fourth paragraph: *"Per the applicant's estimates, the WWTP site (including the footprint of the new WWTP) would be under 2.8-4.7 feet of water during a 100-year event."*

The proposed site will not be inundated at all as fill would be strategically placed to raise the site out of the floodplain. No risk from ocean flooding was shown as discussed above.

Page 16, Footnote 2: *"The Los Osos WWTP, ...and did not include any ocean outfall."*

The siting and disposal alternatives are unique to each and every WWTP constructed. While the City applauds the community of Los Osos for their projected project plans, their unique and site specific issues resulted in the project that is currently being pursued. The City of Morro Bay does not share the site specific issues that make the Los Osos project unique.

Page 16, Footnote 20: *"...application of these LCP policies to the existing WWTP site would lead to a different outcome in the Applicants alternative site analysis, perhaps even resulting in the proposed site being found to have a "fatal flaw", in terms of the applicants alternatives analysis."*

As explained on page 11 of the Rough Screening Analysis, the current site was not deemed to have a fatal flaw from flood related issues because the entire property is not located within the 100-year flood plain and due to the LCP protecting the existing WWTP facilities in their present location as a coastal-dependent use. Prior to proceeding with the more focused and detailed Fine Screening Analysis, which included the existing WWTP property (in its entirety), MBCSD received concurrence from CCC staff regarding the conclusions of the Rough Screening Analysis.

Page 17, second paragraph: *“Despite the clear language of LUP Policy 9.03 the Applicant indicates that these issues are mitigated by the protective ability of the existing dune field.”* CCC staff has argued on past projects that property can readily be excluded from a floodplain by a variety of methods including fill and that this would be found consistent with the Coastal Act. In addition the flood modeling performed has lead to an understanding that the dune structure contributes to inland flooding and does not protect against it. Analyses performed at the request of CCC staff have determined that the dune structure is protective of ocean flooding.

Page 17, second paragraph: *“...dunes can only provide so much protection, as evidenced by the Applicants own predictions that the site will be under water in a 100-year storm, even accounting for dune protection”*

This is a highly speculative statement and does not accurately reflect the findings of the Shoreline Erosion Study and 100 Year Sea Wave Run-Up Analysis and supplemental studies. These studies conclude that the dune structure was found to be geologically stable although the ridges of the dune system migrate marginally east and west on the seaward side of Atascadero Road. In addition it should be noted that dunes don't provide protection against flooding, but act as a flood control structure by limiting the passage of inland flood waters to the ocean. Flooding events caused by Morro Creek would not adversely affect the proposed site because the site, as proposed, would sit 2' higher than the anticipated flood event. Under a tsunami or ocean flooding (wave run-up) situation, the dunes are “beneficial” because they limit the passage of water from the ocean inland. Rising sea levels do not impact the 100yr inland flood elevation because the dunes control the flow out from the creek. Because the applicant understands this basic concept we have proposed a project which mitigates flooding impacts by proposing to relocate the WWTP to the South and reducing the facility footprint within the flood plain (by 50%) thus leaving large portions of the site open to allow flowing flood waters to pass. The proposed project thereby reduces potential risks associated with flood hazard both on and offsite. The same fill used to mitigate flooding risk will also mitigate an extremely low-potential tsunami risk.

Citation: Fine Screening Analysis

Page 17, third paragraph:

Elevating structures to exactly the minimum required by code minimizes cut and fill to the extent possible and is consistent with policy 9.06.

Page 17, fourth paragraph:

The proposed project will not be permanently located within a floodplain because current conditions of approval require us to remove it via a Letter of Map Revision. A letter of map revision will permanently remove those elevated portions of the upgraded facilities from the flood plain due to their elevation. The current facility is within the flood plain, and was recognized as such when the LCP was drafted and facility improvements anticipated during LCP certification.

Page 17, third paragraph: *“...but it is reasonably expected to exacerbate flooding at surrounding properties (by displacing an area that flood waters would ordinarily inundate), increasing flood risks on these surrounding properties.”*

This is inconsistent with the findings of the Flood Study Analysis and Fine Screening Analysis that demonstrated that the proposed project would in fact lower the flood potential on surrounding properties by clearing obstructions in the path of flood waters on the existing site.

Page 17, third paragraph: *“This portion of the project is also inconsistent with LUP Policy 9.05 (requiring minimization of cut and fill, and requiring denial if other alternatives are available that result in less alteration) because the project could be carried out with less fill (see Alternatives section below).”*

The only other alternative identified in the staff report is the Righetti site. The Fine Screen Analysis states that for the Righetti site, “In doing so, the pad elevation of EL.77 results in a large export (cut) quantity, on the order of 90,000 cubic yards.” It should be noted the proposed project would require 35,000 cubic yards of fill or approximately 1/3 the amount.

Page 18, first paragraph:

We believe it incorrect to presume that raising the facilities would not mitigate tsunami risk. In addition to raising the site, existing development occurs to the West of the project (including walls), which may reduce or resist tsunami forces. The document referenced in footnote 32 is simply a transposition of the data used in preparing the State wide maps and should not be used to counter the previously prepared site specific analysis. The data used in preparing the Statewide map can have a vertical uncertainty of 33 feet.

Citation: The document referenced in footnote 32 makes this clear.

Page 18, second paragraph: *“Such raised fill would be expected to direct eroding forces (such as floodwaters) off onto other areas....Such potential to increase erosion will only be exacerbated by sea-level rise.”*

This is inconsistent with the findings of the Flood Study Analysis that demonstrated that the proposed project would in fact lower the flood potential on surrounding properties by providing a floodpath for better drainage.

As stated previously, the extensive Shoreline Erosion Study and 100 Year Sea Wave Run-Up Analysis and subsequent analyses prepared by Earth Systems Pacific and ESA clearly demonstrates that sea level rise will not exacerbate inland or ocean flooding on the proposed site; both of these studies have already considered worst-case sea level projections in the analyses.

Page 18, second paragraph re: Site Stability:

The proposed project clears a currently impacted flood way to reduce flooding risk to surrounding properties. Reviewing and referencing the professionally prepared studies would preempt staff from basing analysis on erroneous expectations. Again flooding impacts are not exacerbated by sea level rise. Also the project proposed a non-erodible surface for those areas being preserved as open space to pass flood impacts.

Page 18, third paragraph: *“The potential for liquefaction at the current WWTP site is moderate to high...Although mitigation measures can be applied (and have been proposed as part of the project)...these measures are prohibited in the floodplain...”*

A geotechnical analysis was performed as part of the project design and mitigation measures based on that investigation were included in the EIR. Subsurface liquefaction mitigation does not involve placing fill in a flood way.

Page 18, fourth paragraph: *“The LCP explicitly prohibits development in the 100-year floodplain.”*

Please see the previous discussion on this topic.

Page 19, Section 30213 of the Coastal Act requires preservation of low cost visitor and recreational facilities. The site is not currently a low cost visitor serving or recreational facility. It is an industrially-zoned site with an existing wastewater treatment plant. The project reduces the size of the plant, which allows for introducing recreational uses on-site.

Page 19, Section 30221 of the Coastal Act is applicable to oceanfront land which the proposed project is not. There is intervening development between the plant site and the sandy beach.

Page 19, Section 30253 (e) of the Coastal Act: As the project site is occupied by the existing WWTP, the upgraded WWTP would not change or in any way affect the character of the surrounding area.

Page 20, first paragraph: *“Section 30221 protects oceanfront land such as the WWTP site for recreational uses.”*

The Background section of the staff report on page 20 acknowledges the trailer park to the West of the project site. *“...the WWTP site is bordered to the west... by Morro Dunes RV park”*. The presence of the Morro Dunes RV Park refutes earlier claims of oceanfront and shoreline designations for the site. Public recreation opportunities are available downcoast and seaward of this site. Restaurants and retail uses are also located downcoast of this site, along Highway 1.

Page 20, first paragraph: *“...the LCP also articulates a vision for the project site area where it transitions to a visitor serving corridor as an entrance to the City.”*

It is unclear which portion of the LCP staff is referring to in this statement. The site is designated, zoned and used for coastal-dependent industrial uses. Chapter 2, page 23 of the certified LCP states:

Coastal-Dependent Industrial Land Use: This land use specifically relates to those industrial land uses which are given priority by the Coastal Act of 1976 for location adjacent to the coastline. Examples of uses in this designation are thermal power plants, seawater intake structures, discharge structures, tanker support facilities, and other similar uses which must be located on or adjacent to the sea in order to function. The Morro Bay wastewater treatment facilities are protected in their present location since an important operational element, the outfall line, is coastal-dependent; see Policy 5.03.

We have to ask CCC staff when or where did the City articulate this vision for the City? This vision is being espoused by CCC staff and attributed to the Applicant yet it is largely inconsistent with our LCP and zoning ordinances. The City does, however, plan to make linkage for non-motorized travel between Atascadero Road and the Embarcadero, consistent with our policies.

Page 20, first paragraph: *“Preserving or utilizing the proposed project site for visitor serving and/or recreational use will maintain recreational uses along this important entrance to the City.”*

There is no factual basis for this statement, since Atascadero Road is a dead end road and does not currently serve as an entrance to visitors driving into Morro Bay. However we recognize that there may be some value to enhance public access or recreational uses near the site through creative use of the flood passage areas where the footprint of the plant is being reduced. We have proposed this as a condition of approval.

Page 20, Footnote 38: We believe that the proposed Conditions of Approval provide an opportunity for the project to meet this expanded definition.

Page 21, first paragraph: “...*there has long been a vision that the WWTP area could be both connected to the Embarcadero and become a core visitor access...*”

We ask that staff provide a reference to the LCP amendment or zoning code citation changing the use of industrially-zoned properties along Atascadero Road and defining this “vision” for visitor uses at the WWTP site. While the City would like more connectivity between the North and South sides of Morro Creek, that is beyond the scope of the current project. Nonetheless, we have proposed a condition of approval to increase public access and recreational opportunities where the footprint of the plant will be reduced.

Page 21, second paragraph: “...*In short, although the WWTP site itself does not currently provide any recreational opportunities*”

The discussion recognizes the site does not currently support recreational uses, and while CCC staff expresses an opinion that the site and surrounding area has the potential to become a vital part of the coastal recreational use opportunities located in other areas of the City, staff should further acknowledge that the site and surrounding areas do not consist of a “*multitude*” of public visitor-serving recreational opportunities and such land uses are not supported by the land use designation or applicable site-specific policies included in the LCP.

Page 21, second paragraph: “...*including in terms of the articulated City vision for the area...*”
Please see discussion above regarding this new vision.

Page 21, third paragraph: “...*when evaluating whether it is an appropriate site for a new WWTP facility.*”

The proposed project is to upgrade the treatment process on the existing site that is preserved for waste water facilities. While it is development, portions of the existing plant will likely be reused in the upgraded facility. One potential example would include the air relief structure.

Page 21, footnote 45: “*About half of that shoreline area located ...*”
The shoreline is not adjacent to the project site.

Page 22, first paragraph: The proposed project could be readily conditioned to include the specific mentioned higher priority use of a low-cost visitor serving, recreational vehicle sewage dump station although one currently exists in the adjacent City yard.

Page 22, second paragraph: “...*truck trips associated with recycled water use would also increase truck trips in the area.*”

The WWTP impacts discussion recognizes the recycled water program as generating truck trips but later discounts the benefits of reclamation that is provided with the plant upgrade. “*Construction impacts can be reduced through proper design and BMPs...*” We agree with this statement. Of course the argument espoused by staff neglects to mention that moving the project will still result in even more substantial construction impacts to the surrounding area because the existing site would still have to be demolished, fill would still be required for any alternate use, and a large lift station with a raw sewage pipeline will have to be routed from this existing site to the alternate one, thereby impacting the low cost visitor serving facilities in the vicinity for a much longer period of time.

Page 22, Opportunity costs: *“In light of the coastal hazard policies that prohibit development...”*
We believe that the LCP preserves this location for wastewater facilities and that CCC staff has misinterpreted the coastal hazards.

Page 23, third paragraph: *“...constructing a new WWTP...”*
This proposed project is not any more of a new WWTP than Crescent City’s plant upgrade was. The zoning ordinance and the LCP have committed the City to industrial facilities in this vicinity. The existing concrete plant, water treatment facilities, school bus maintenance facility, the City’s corp yard, the trailer storage yards to the South and East, the plastering shop also are committed to being light industrial facilities in close proximity to the plant.

Page 23, fourth paragraph: *“...the proposed project conflicts with ...the LCP because it does not protect the site, and by extension the surrounding area, for visitor serving...”*
The site is currently zoned for light industrial to ensure compatibility with the other adjacent light industrial sites as good planning and zoning encourage. The LCP preserves this site for WWTP facilities.

Page 23, fifth paragraph, Public Access and Recreation Conclusion:
The proposed project site is not oceanfront as identified on page 20 paragraph 2. There is intervening development between the WWTP site and the sandy beach, including the Morro Dunes trailer park. The proposed project replaces/upgrades existing facilities that serve the same function on the same site. Operation of the plant at this site, and in anticipation of the proposed upgrade project, was determined to be consistent with the Coastal Act public access and recreation policies, in the Commission’s 2009 consistency certification. Again the City agrees that an LCP amendment would be required to locate visitor serving recreational uses and development at this site since it is currently designated for wastewater treatment facilities and zoned for light industrial uses. Our existing policy documents zone and preserve the adjacent ocean front Morro Dunes trailer park as visitor serving commercial, while the portion of the site used for trailer storage is zoned as light industrial.

Page 24, third paragraph: *“The proposed development would obstruct and degrade these important views.”*
While visual resource issues are subjective in nature, the terms “obstruct and degrade” seem inconsistent with the minor changes discernible in the visual simulations. The view from Highway One is extremely brief because of the roadway geometry and cedar trees in the park. The site is largely not visible from the beach or Morro Rock use areas given the location of the dune landform seaward of the site, and the view from Atascadero Road improves from the existing to the proposed condition.
Citation: Please see the visual simulations included in the Project EIR and Fine Screening Analysis.

Page 24, fourth paragraph: *“In short, the proposed project will degrade as opposed to enhancing, the shoreline viewshed...”*
The proposed project is largely not visible from the shoreline and, with its newly created open space along the public road frontage, will effectively enhance public views in the project area.
Citation: Please see the visual simulations prepared for the project.

Page 24, fourth paragraph: “... *it would be larger and taller than the existing plant...*”
Some structures are taller than the existing structures, but they are also set back considerably from the view corridor. The zoning ordinance has maximum height limitations for precisely this purpose. In addition camouflaging and screening measures supported by staff for the Righetti property, which is located in a highly visible location along a designated scenic highway (Highway 41) could just as readily be used to *hide this plant in plain site*. It is important to note that the proposed upgrade covers a significantly smaller area than the existing facilities: therefore the upgraded plant will not be larger than the existing plant.

Page 25, first paragraph: “...*but would be larger and taller...*”
The proposed plant is not larger as discussed above, but will be slightly taller. The proposed facilities occupy less of the site than the existing facilities. As stated above, mitigation and design measures will be incorporated to “hide in plain sight” similar to the concept put forth by CCC staff for the Righetti property.

Page 26, first paragraph: “...*many beneficial purposes, including agricultural irrigation inside and/or outside of the districts service area...*”

The Recycled Water Feasibility Study did not identify feasible reclamation projects within Cayucos. There is a questionable ability to legally provide services outside the City limits.

Page 26, second paragraph, Water Supply background:

The City currently contracts for 1313 acre feet with 2290 acre feet of drought buffer. The City has water rights in the Morro and Chorro Basins to 1723.5 acre feet of water per year. Please provide a citation for the use of the term trustworthy in relation to water supply. The engineers at CH2M Hill that stamped the Urban Water Management Plan believe that supplies are generally adequate to meet our demands to build out, as does the City, but we fail to understand why the analysis of our water supply is included in a discussion of our wastewater treatment plant when we are proposing to build the plant to accommodate sufficient reclaimed water production at the level estimated to be our entire outdoor water demand.

Page 26, third, paragraph, Groundwater Supplies:

Flow constraints outlined in decision 1633 pertain to only Chorro Creek. Morro Creek has no flow restrictions, thus augmenting flow in Morro Creek does absolutely nothing to augment the City’s water supply. However, the Chorro project analyzed in the CEQA document would provide a water supply benefit by increasing the reliability of the Chorro water supply.

Page 26, Footnote 53: “*As a result, the desalinization, and any use of it, is currently unpermitted.*”

The permit for the outfall pipe and the seawater supply wells were issued a CDP which expired in 1999. Coastal staff informed the City during discussions regarding the WWTP upgrade that the LCP amendment we processed to secure this supply would be inadequate from a permitting standpoint. City staff and CCC staff agreed that once permitting was complete for the WWTP upgrade the City would apply for a permit to replace the CDP for those facilities. The City would disagree that the plant is not permitted as that was handled under a separate permit but does agree that there is sufficient uncertainty regarding the outfall and supply wells to warrant a follow up CDP application as we have already agreed to do. CCC staff’s assertion that reclaimed water could be used for many beneficial purposes would have to be subject to an even greater discount than the operation of the desalination plant because as of yet those facilities do not physically exist and no permitting has been completed for their use.

Page 27, second paragraph: *“Seawater intrusion and nitrate contamination are the predominant concerns for this groundwater basin.”*

The City has installed facilities to remove pollution from the Morro Basin water sources and is equipped to reliably produce the full allotment from the basin of 591 afy. Since placing water into Morro Creek will not increase the amount of available water under the City’s permits, and the safe yield of the basin is far above the City’s permitted amount there is little correlation between augmented stream flows and legal availability of water supplies.

Page 27, third paragraph: *“Intrusion occurs in this basin seasonally or in wells that are influenced by wastewater treatment plant discharges to Chorro Creek.”*

Can the CCC staff site a reference for seasonal salt water intrusion because our routine well monitoring data does not support this assertion? Based on past experience, salt water intrusion can only occur in extremely dry years and will quickly recover under return to normal conditions. Seawater intrusion is not a big reliability factor in either the Morro or Chorro Basins from a water supply standpoint.

Page 27, fourth paragraph: *“Lacking permanent flow monitoring gauges, there is no conclusive way to tell if the pumping of Morro and Chorro groundwater is fully in compliance...”*

No stream gauges are required for Morro Creek. The City is in the process of installing stream flow gauges on Chorro Creek based on recent direction from the SWRCB. The City will continue to work with the SWRCB on protecting it’s water rights in the Morro and Chorro Basins.

Page 28, first paragraph, Desalinization Supplies: *“...water from the desalinization plant cannot be factored in as it is speculative unless and appropriately permitted.”*

Please see the preceding discussion regarding this topic.

Page 28, first paragraph, State Water Supplies: *“...the City relies heavily on State Water supplies. The California State Water Project has long been controversial in some quarters...”*

The California Department of Water Resources (DWR) manages the State Water Project, the City has used DWR’s projections for water planning purposes and has a reliability supply of 2290 afy which greatly increases the reliability for Morro Bay. On average DWR believes that water from the State Water System is 60% reliable or that in the average year deliveries will be 60% of contracted amounts (State Water Project Final Delivery Reliability Report 2011 prepared by DWR). Under all projected scenarios except the single dry year, the City of Morro Bay would receive its full 1313 allotment. Furthermore, the County of San Luis Obispo has historically used its unallocated State Water to further ensure reliable deliveries to its subcontractors. Morro Bay is joined with the 25 million other citizens in California who depend on State water for a large portion of its water supply. We concur with staff’s assertion that State Water supplies and reclamation used in conjunction would provide important supply contingencies.

Page 28, Conclusion: *“In short, it appears that there is some question as to whether the City’s water supply is as reliable and trustworthy as the City contends.”*

On June 26, 2012, the Department of Water Resources certified the City of Morro Bay’s 2010 Urban Water Management Plan. The City would agree that a long term adequate supply can be subject to short term interruptions. For this purpose, the City of Morro Bay has emergency exchange agreements with the California Men’s Colony and the Whale Rock Commission. In addition, the City has discussed emergency supply agreements with the Morro Bay Power Plant. These short term agreements increase the reliability of our supplies by allowing for delivery

flexibilities in case of emergencies. The professional staff at the City would be uncomfortable ascribing the adjective “trustworthy” to a water supply.

Page 29, first paragraph, Recycled Water Feasibility Study: “*..therefore concludes that it need not pursue use of recycled water with the WWTP project.*”

The MBCSD board has directed staff to upgrade the facility as quickly as possible with an eye toward reclamation. That statement is inconsistent with the reference provided to the Recycled Water Feasibility Study and with the recommendations of that report. This is CCC staff’s conclusion and should not be attributed to the City or the District. Consistently, MBCSD has elected to pursue reclamation in the upgrade project proposed to the CCC. We have voluntarily agreed to several million dollars of upgrades to the project to facilitate reclamation. Again, while we agree that recently State Water has become less reliable, we will continue to use the long term supply projections prepared by the State of California in our planning projections. If the CCC staff has issue with the projections prepared by DWR, perhaps those discussions should be carried out outside of the context of a wastewater treatment process upgrade designed to improve water quality. While we disagree with the CCC staff assertion that the desalination facility should be excluded from our long term supply projections, we also believe that the point is mute. The supply of State Water (at 65% for this year) coupled with supplies from our local groundwater basins should be adequate until we can resolve the permit expiration issue with the desalinization plant. The CCC staff assertion that these supplies are expensive is also true; however, the most significant portion of costs for State Water are fixed and the delivery charges are quite low. This means that the City will always elect to maximize its use of this supply to garner the best return on investment. In addition, the costs for both State water and desalinated water are significantly lower than the costs of reclaimed water supporting our LCP policy to pursue reclamation as customer and economic demands make it feasible. The energy consumption for reclaimed water in Morro Bay will be high as well due to the fact that our wastewater is brackish and will require additional treatment to reduce salt loading for most of the potential uses. Again, these costs were fully vetted and compared in the Recycled Water Feasibility Study and their absence from this report is disturbing. There is not a historic pattern of seawater intrusion in the City’s well field, although under extreme drought conditions it can occur. The City has planned for this potentiality and for nitrate treatment by providing BWRO treatment to remove pollution from the Morro Basin.

Citation: The text in the staff report associated with footnote 14 refutes the erroneous claims regarding the Applicants position on recycled water.

Page 29, second paragraph: “*...there appears to be more uncertainty than not in terms of the City’s conclusion that it does not need to pursue recycled water...*”

The City has never made the assertion that it does not need to pursue recycled water. The footnote attached to this reference simply states that in the opinion of the professional engineers at Dudek, the City has adequate supplies to meet its demands. CCC staff is attributing their own opinions to the applicant which is inappropriate. The extractions of water from the Morro Basin are anticipated to reduce the degradation of the Basin as demonstrated by the grant received from the California Department of Public Health.

Citation: Morro Nitrate Analysis available on the City of Morro Bay’s Water Division webpage. Recycled Water Feasibility Study.

Page 29, fourth paragraph: “*The City’s evaluation of the potential use of recycled wastewater from the WWTP is somewhat skewed...*”

Again the City and District have never concluded that there is no need for reclamation. From a staff perspective, we have direction from the JPA Board to the opposite effect and have observed our decision-makers choose to add costly elements to the project to realize an upgrade that positions the City and the District for future reclamation. The City is providing for 0.4mgd of recycled water as a portion of the current project. By way of comparison, the City is preparing to reclaim approximately 30% of its wastewater through urban reuse. The much touted Los Osos Wastewater Treatment project is only allocating 11.8% of its reclaimed water to offsetting its urban use. The 0.4mgd represents the best professional estimate of Morro Bay's water supply professionals as to how much outdoor demand exists within the City service area that could potentially be offset through reclamation. It is also important to note that the 1.5 mgd is the build out flow projection and not the current flow projection making the 0.4 mgd a much higher percentage of the current total. Additionally, the Recycled Water Feasibility study included at a request from the CCC staff a Recycled Water Program Comparison Technical Memorandum that reviewed the site specific conditions of numerous reclamation programs throughout California. From that analysis it is readily observable to even a casual reader that the reclaimed water programs are unique to the communities they serve and that costs of supply and demand cannot be readily carried from one community to the next.

The staff's assertion that the City and District have relied on the unique characteristics of our program as fatal flaws is again a CCC staff assertion that is not supported by the study or current and past actions. The City has applied for and has recently been made aware that the SWRCB has published a notice of award for a \$1 million dollar Integrated Regional Water Management Plan to San Luis Obispo County which includes additional work on our reclaimed water program. These funds will be used to conduct specific capital project planning to develop the first reuse phase outlined in the Recycled Water Feasibility report. Quite simply, the City and District are pursuing an aggressive reclamation program as grant funds will allow. To do otherwise would be imprudent from an economic and resource perspective.

Page 29, fourth paragraph: *"...and made available (via truck filling station at the WWTP) as part of the proposed project..."*

Page 30 First paragraph: *"...siting the WWTP in such a location that recycled water would all need to be trucked from the site."*

CCC staff's assertion that the location of the facility creates the need to truck water from the site is incorrect and not based on any information provided by the applicant. The purpose for providing a truck fill station is to make reclaimed water immediately available to offset suitable current potable water demands. As such, it does not create additional truck trips. We are pursuing the grant funding necessary to make an affordable and successful reclaimed water program, including the construction of infrastructure to deliver reclaimed water. The Recycled Water Feasibility Study outlines the first phase of that program.

Page 30, first paragraph: *"...to the concern that the water will be too expensive to move off site to the potential users)."*

Moving the plant to the Righetti site would involve capturing the raw sewage at the existing site (all current infrastructure leads to the existing site) and conveying it to the Righetti site. This would require a pump station capable of pumping the projected wet weather maximum flows of 6.64 mgd. Reclamation at the current site would involve pumping significantly smaller volumes of reclaimed water (projected estimates are from 0.4 to 1.5 mgd) to the recycled water customers. Pumping smaller volumes from the existing site results in reduced energy consumption, reduced costs for pumping, as well as reduced environmental risks in the event of a catastrophic failure of

the pumping line for either a raw sewage or recycled water as compared to the Righetti site. The only way that anything other than this can be argued, is to neglect the increased raw water pumping cost. If this increased raw water pumping cost is assigned to the wastewater generators and not passed on to the reclaimed water users than a subsidized/false economy is created. Local sustainability will be greatly impacted by the increased costs of pumping raw water out to potential customers, to say nothing of the associated environmental impacts.

Page 30, third paragraph: “...*than the recently approved wastewater treatment system in nearby Los Osos (about 7.5 mile away) where the Commission required that all of the wastewater effluent be reclaimed, recycled, and reused to offset potable water use...*”

CCC staff is comparing this project to the Los Osos Wastewater Treatment and Reclamation program. There are major differences between Los Osos and MBCSD and any comparisons between the two ignores those facts. The Recycled Water Program Comparison Technical Memorandum discusses the Los Osos wastewater project and concludes “*Los Osos, after decades of deliberation, selected a project that best addresses groundwater quality goals, in the most cost effective manner. Starting from scratch afforded Los Osos the ability to consider numerous creative solutions to resolve water quality, public health, and environmental objectives.*” (page 11 of the TM). While there are literally miles of differences between the established collections and treatment systems in Morro Bay and Cayucos and the proposed new system in Los Osos, the most important differences lies underground. Los Osos has elected to rely on its local groundwater basin by not importing or developing any new supplies. While they saved some money in the short term, this has led to overdraft and permanent damage to their lower aquifer. Their upper aquifer has been polluted because of inadequate treatment and control of waste discharges. Much of the water being reclaimed in Los Osos will be discharged in an attempt to ameliorate over pumping of the lower aquifer. Morro Bay’s aquifers are shallow and do not provide the same reuse opportunities as is clearly outlined in the Recycled Water Feasibility Study. In addition, Morro Bay has invested heavily in securing additional water supplies, thus limiting the available investment in reclaimed water until its water demand or supply profiles change.

In the proposed MBCSD project, sufficient reclamation is anticipated to offset all of its estimated outdoor demands. While the program will not be fully developed in conjunction with the upgrade to the WWTP, it is anticipated that reclamation will be in full force at some point in the future life of the facility. In addition, the City is actively pursuing and will be receiving grants to further develop the first phase of recycled water outlined in the Recycled Water Feasibility Study.

Page 30, third paragraph. “...*Applicant does conclude that reuse of the recycled water in the agricultural corridor offers the potential reuse of recycled water about 500 afy. However the applicant rules out this potential reuse of the recycled water because the water will be costly to produce and there will be nutrient constraints of the treated water.*”

Again CCC staff has oversimplified and neglected the complexities of providing water outside the existing service boundaries. Costs to the end users of reclaimed water can only be reduced by subsidizing their use at the expense of the average rate payer. While it is easy to recognize that these types of subsidy schemes are significantly more difficult to implement with the requirements of Proposition 218, it remains difficult to recognize any potential benefits that would be derived from attempting to implement one. If subsidizing increased agricultural activity in the Morro Watershed is a goal of the CCC there may be more direct manners in which to accomplish this.

Page 30, fifth paragraph: *“Although it is clear that all wastewater treatment systems need a “fail safe” disposal option for treated effluent, it is not clear that an ocean outfall is necessary today, in light of current technology.”*

There is a significant body of data that defends the safety and health of the marine environment of the City of Morro Bay and Cayucos’s existing outfall, while the proposed project is an attempt to further improve that effluent quality. The certified LCP identifies the wastewater outfall as a Coastal dependent facility. It seems unwarranted to have that discussion as part of a proposal which retains that facility consistent with the City’s certified LCP. Again, moving the location of treatment greatly increases the costs, both economic and environmental, of pumping raw effluent while not providing a commensurate benefit in pumping the treated effluent. The simple (yet potentially disturbing) thought exercise of comparing sucking water through a straw (treated effluent) or sucking a milkshake through a straw (liquid with higher solids content) reveals that it is much easier to move treated effluent than raw sewage. On an equivalent volume basis it is simply more costly to pump raw effluent than treated reclaimed water. Moving the plant therefore, cannot create any real economic benefit from pumping raw wastewater instead of reclaimed water pumping.

Page 31, first paragraph: *“Given the environmental impacts of such ocean outfalls, and the LCP and Coastal Act requirements to protect marine resources, ...”*

The CCC staff statement that reducing reliance on the ocean discharge will result in a reduction in marine impacts is without basis. Despite decades of intensive monitoring, there has never been any evidence that the MBCSD ocean discharge has had any impact on marine resources. This conclusion has been repeatedly supported by numerous independent reviews by the staffs of the Coastal Commission Federal Consistency Review Division, USEPA, the US Fish and Wildlife Service, the National Marine Fisheries Service, and Central Coast Regional Water Quality Control Board. This is not only the case for the MBCSD discharge, but has been quantitatively demonstrated for other, much larger, ocean dischargers of highly treated wastewater. Unless the CCC staff can provide specific scientific data to support their contention that marine ESHA and biological resources will perceptively benefit by the reduction in, or absence of, the MBCSD ocean discharge, they should rescind this statement.

Page 31, second paragraph: *“If the project is done correctly and in a well-thought out, deliberate manner...”*

City staff agrees that a deliberate, well thought out approach will reduce costs in the long run for both treating wastewater and securing adequate water supplies. The near decade of effort that has been invested by the current project team, along with the hundreds of thousands of dollars of research, have confirmed that the findings of the Fine Screening Analysis and Recycled Water Feasibility Study are consistent with the local zoning and LCP policies and that the proposed project is both the most logical and most consistent solution with the Coastal Act.

Page 31, third paragraph: *“ Cities water supply has many constraints that range from availability and reliability of State Water, the use of an unpermitted, expensive desalinization plant, the overuse and contamination of the Morro and Chorro groundwater aquifers and the threats to stream levels in the groundwater basin’s associated with Morro and Chorro Creeks. ”*

See previous discussion on this topic.

Page 31 third paragraph: *“Regardless of the questions regarding the Applicant’s conclusions regarding water availability, the LCP identifies use of recycled water as the City’s second highest priority, it requires recycled use as part of a new WWTP, and use of such recycled water*

could benefit ESHA and biological resources and reduce the adverse impacts of the project on marine resources, by reducing, or possibly eliminating, the project's reliance on an ocean outfall."

See previous discussion on this topic.

Page 32, first paragraph: *"The projected site is located in close proximity to numerous documented archaeological sites and is located on top of a significant burial ground..."*

The evidence does not support CCC staff's assertion that the site is located on top of a significant burial ground. There have been several archeological studies performed as part of the EIR and Fine Screening Analysis, the work of qualified archeologists, and the maps of known archeological sites kept in our office refute that statement. In addition, it is well documented that most of the proposed project site has been previously excavated during the upgrade to the existing facility in 1984. Additionally, the City and District have made significant outreach to local Native American representatives throughout the upgrade process. As an applicant, we feel it necessary to point out the glaring factual inaccuracies contained in the staff report. A review of any of the previous archeological studies by your staff should have precluded making this statement.

Citation: See below

Page 32, second paragraph: *"No resources were found at the site but there is potential "for intact portions of buried sites below existing infrastructure.""*

This quote from the Fine Screening Analysis refutes the false statement about the site being a burial ground in the first paragraph. The staff report should be corrected to accurately reflect the conclusions of the Fine Screening Analysis which found that "Extensive ground disturbances within the existing WWTP site and vicinity associated with past construction reduce the potential for encountering intact, unknown archaeological deposits. In particular, proposed construction in the area within the existing sludge drying beds would have a minimal potential for encountering buried deposits given the 5-feet of previous grading. Ground surfaces within the existing cement plant to the east would also have likely been graded, reducing the potential for encountering intact cultural resources."

In addition, our Conditions of Approval propose mitigation measures designed to reduce or eliminate any conflicts with cultural resources, including having a monitor on-site during ground moving activities.

Page 32, CDP Determination Conclusion:

Applicant requests that the CCC approve the project with the proposed Conditions of Approval we have compiled from other recently approved wastewater treatment plants including Crescent City, Goleta Sanitary District and Los Osos.

Page 32, Denial with Direction: *"...proposed location of the project is inappropriate..."*

As we have moved through the process of designing the upgraded treatment processes we found it necessary to modify our approach to mitigate flooding impacts to the surrounding properties. In conducting our analysis, we discovered new information and revised our approach based on those discoveries. We request that the CCC consider the volumes of data that have been prepared from the initial EIR to the Reclaimed Water Feasibility Study that show how this is the most appropriate site to meet the MBCSD Waste Water Treatment Facilities needs now and into the future.

Page 33, first paragraph: *"...unless it is moved out of the 100 year flood plain."*

The proposed project removes the WWTP out of the flood plain as requested by your staff and as required by FEMA flood damage prevention requirements through filling the site and preparing the necessary FEMA map revisions.

Page 33, third paragraph: *“The Righetti alternative site appears to provide the best potential site of those evaluated for a new WWTP.”*

Following an extensive and comprehensive Alternatives Analysis, the Fine Screening Analysis concluded that the current WWTP site is the preferred alternative. The Staff report fails to identify similar or potentially more significant concerns of developing the Righetti property as a WWTP in terms of protecting visual resources, agricultural resources, public access, hazards, flooding and landform alteration, energy consumption and associated greenhouse gas emission, global climate change and sea level rise, environmentally sensitive habitat areas, and the ability to implement a viable water reclamation program as expeditiously as possible. The statement that there would be an increase in reclamation feasibility is not accurate. Fluid density and specific gravity are higher in raw sewage, requiring higher pumping energies. Raw sewage is more abrasive, leading to more wear and higher levels of equipment failure. Raw sewage is more chemically and biologically aggressive, causing higher wear and more failures. Raw sewage poses a greater health risk if released to the environment.

Page 33, fourth paragraph:

Staff recognizes that flood zones exist on the Righetti parcel, but elevation of the pad can remove portions of the site from the flood zone. This also works on the proposed project.

Page 33, third paragraph: *“...siting the plant close to these potential agricultural uses would reduce costs for the reuse of treated water.”*

See detailed explanation and comments above. While the cost of reclaimed water would be reduced for potential agricultural users, there are other significant impacts associated with pumping raw water to the Righetti site, such as much greater energy consumption, significant financial costs, and the inherent risks associated with pumping larger volumes of raw sewage. These financial costs will have a direct impact on the viability of low cost visitor serving facilities in Morro Bay and Cayucos.

Page 34, first paragraph: *“In addition, as was approved for the Los Osos WWTP, any visible structures and related elementsso as to “hide in plain sight” and allay visual concerns.”*

City staff would agree that Highway 41 is a scenic corridor protected in the County’s LCP. Staff finds this statement extremely contradictory in that CCC staff recommends *“using materials to help the facilities blend into the present setting and the use of fencing and/or landscaping for screening purposes”*(page 34 staff report) at the Righetti site, but seem to dismiss these same concepts for the proposed project on the existing site.

Page 34, second paragraph: *“...developing the wastewater treatment facility in the gently sloping areas in the southern portion of the site...”*

It is important to note that despite the gently sloping areas, the Fine Screening Analysis estimates that grading at the Righetti site would involve the cutting and removal of 90,000 cubic yards, in contrast to the estimate of 35,000 cubic yards of fill grading required at the proposed site.

Page 34, third paragraph: *“...Righetti site is taken into account (it is on the market for \$2.4M when the analysis identified a property acquisition cost of \$7.5M)”*

The cost estimates included in the Fine Screening Analysis for the Righetti site included the acquisition costs for the site, as well as cost estimates for the Entire Right of Way acquisition of which the treatment plant site is only a small part. There is a tremendous danger in modifying a professional engineer's estimates if the assumptions used in the analysis are not fully understood.

Page 34, third paragraph: *"Further, it is unclear what "soft costs" constitute and why "soft costs" would be \$5.5M more at the Righetti site."*

See discussion above. If CCC staff had requested clarification of materials, the appropriate technical assistance would have been provided.

Page 34, third paragraph: *"The expense of moving to an alternative site, as opposed to leaving the wastewater treatment plant at the current location, diminishes to negligible when the potential opportunity costs of the current site are realized. These sorts of opportunity costs include, but are by no means limited to, add backs from the current site's value (\$4-9M), the revenue potential of developing tourist attracting and visitor serving uses at the current site, recycled water revenue potential (higher at Righetti due to its proximity to the agricultural users), and the avoidance of costs due to hazards..."*

The term "negligible" is very subjective and undefined in this context. Moving the treatment plant to any other location from the current site will have significant cost implications that will not be negligible to the communities of Morro Bay and Cayucos. If the existing waste water treatment facilities were removed, pursuing development on the existing site would be extremely difficult and would probably limit the future value of the site because of the interpretation of flood plain issues by CCC staff. The *"add backs from the current sites value"* are purely hypothetical. It should be noted that there is no mention in the CCC staff report of the requirement for accommodating the massive lift station that would be required on that site to pump all raw water to the Righetti site. Staff does not appear to understand or appreciate the complicated cost analysis that MBCSD has conducted to date, including those related to pumping and hazard mitigation.

Page 35, second paragraph: *"Because the Righetti site is located in unincorporated San Luis Obispo County (and just outside City limits), it will require County authorization..."*

The City would be the lead agency for permitting any project it pursues. Presuming that the City and the District were directed to the Righetti property by the CCC, the City would most likely pursue development of this parcel through annexation and local approval rather than through the County permitting process. It appears that the CCC staff may not be aware of the fact that if one agency (either Morro Bay or Cayucos) were to move from the existing site, the other agency has a real chance at meeting the requirements of the Settlement Agreement and bowing out of our existing operating agreement, drastically increasing costs for both agencies. No CDP would likely be required for this action. If one or the other agencies elects not to proceed with a project at the Righetti site, the current Waste Water Treatment Facilities could remain on the existing site indefinitely. There are significant policy and legal considerations that would be involved in reaching outside of our City Boundary purchasing a property, potentially rezoning it, and determining and resolving the potential LCP considerations of both jurisdictions.

Page 35, Conclusion:

MBCSD requests that the CCC approve the project with the recommended conditions of approval based on the significant body of technical evidence provided.