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March 25, 2009

Paavo Ogren, Director
San Luis Obispo County Public Works Department
County Government Center, Room 207
San Luis Obispo, CA 93408

Subject: Proposed Los Osos Wastewater Project

Dear Mr. Ogren:

We received the County's request for our comments on the proposed Los Osos Wastewater project (project referral number DRC2008-00103). We also previously received a copy of the Draft Environmental Impact Report (DEIR) for the project. Please accept the following comments on both the project and the DEIR. We regret we could not complete these comments sooner, however, staffing and budget cuts have significantly impaired our ability to carry out our responsibilities under the law in a timely manner.

Summary

As we have previously indicated to the County on numerous occasions, we are supportive of a project designed to alleviate the current significant wastewater problems in the Los Osos area and ameliorate the degradation of marine resources in the Morro Bay estuary resulting from failing septic systems. It is clear to us that the community is in dire need of improved wastewater collection, treatment, and disposal facilities, and that these improvements are necessary if significant coastal resources (including the Los Osos Groundwater Basin, the Morro Bay estuary, and related resources) are to be adequately protected and restored. It is also clear to us that such a major public works project understandably raises a wide spectrum of Coastal Act and Local Coastal Program (LCP) issues and concerns. Similarly, we recognize that any proposed waste water treatment system, especially the siting of treatment works facilities, will generate local opposition. Notwithstanding local or neighborhood opposition, it is imperative that a system be located, designed and constructed in a manner that is consistent, to the maximum extent required by law, with applicable land use and resource conservation policies. Based on the information received, we have a number of recommendations we think are necessary and appropriate to best achieve Coastal Act and LCP conformity. We also have some questions that may lead to additional recommended modifications depending on the answers to them.

In summary, with certain modifications (including those detailed below), we support a build alternative that avoids adverse coastal resource impacts to the maximum degree feasible, including full mitigation for any unavoidable impacts. From the materials we have reviewed, it appears that a project is both feasible and consistent with law, including a project that can build upon the various alternatives evaluated by the County to date. However, because there are several critical outstanding questions that affect the precise siting and design of such a build

project, we cannot provide a specific recommendation relative to the four primary alternatives evaluated in the DEIR, including the project the County has identified as its preferred alternative (alternative 4 from the DEIR). At the same time, it is our firm opinion that an approvable project differs from all these projects as currently envisioned, and in fact is more likely to be a permutation of the best components of these alternatives and other concepts identified to date.

Toward that end, we have some specific recommendations and questions that we believe are necessary to achieve a build project that is consistent with the Coastal Act and LCP, and that we hope will assist the County as it moves toward that goal.

In terms of the avoidance of adverse coastal resource impacts, our primary recommendation is that an approvable build project, regardless of treatment plant location and collection method, must be modified to provide for tertiary treatment so that any spray field area used for the project that is in or affects agricultural land or uses can continue to be used for agricultural purposes and production (with or without the spraying). Such a modification also avoids potential adverse effluent disposal impacts on habitats and groundwater (including in relation to the leach fields at the Broderson site). It also addresses other necessary and appropriate mitigation measures for adverse project impacts because the tertiary treated wastewater will then be available and can then be used for other beneficial uses (i.e., groundwater augmentation, irrigation, habitat enhancement, etc.). In our opinion, and based on evolving information and circumstances, it is clear to us that a project that incorporates tertiary treatment is necessary to achieve LCP and Coastal Act consistency.

Unfortunately, the materials we have seen do not thoroughly evaluate the ramifications of going to tertiary treatment, and this affects our ability to provide much further project specific recommendations. By that we mean that although the physical plant requirements for tertiary treatment are identified (and generally appear to be fairly minor differences in scope and scale), as are the costs of doing so, the implications and opportunities that such a modification engenders appear not to have been identified or evaluated. It seems clear that if the project is a tertiary project, many of the effluent disposal options will be completely different from those that have been evaluated, and could significantly change the scope of the project, including the availability of effluent for a range of beneficial uses (including, but not limited to, injection wells, urban/agricultural exchange or "purple pipe" programs, etc.). At a minimum, a tertiary project will have significantly different effluent disposal needs and opportunities, including significantly different space requirements. In this regard, it is incumbent on the County to thoroughly evaluate and explain the various options and implications so that fully informed and best land use decisions can be made.

In addition to this primary means of avoiding adverse coastal resource impacts, the project must be sized and directed to existing developed areas in order to avoid inducement of inappropriate growth. This means that physical capacity, system sizing needs, and service area must be directly connected and correlated to the existing developed area and the limited infill/redevelopment potential within that area. Except for existing legal lots of record where some type of development may need to be approved to avoid a takings of private property, all existing habitat

areas (i.e., wetlands, streams, terrestrial habitat, ESHA, etc.) and agricultural land in and around the project area must be excluded from potential service to obviate growth that is inconsistent with Coastal Act and LCP. Furthermore, subsequent LCP amendments that strengthen the correlation of the urban services line to the service boundary will be necessary.

The project must be sited and designed in a manner that respects significant public visual resources and public recreational opportunities. It must also incorporate or take into consideration all applicable terms and conditions associated with the previous wastewater project permitted by the Commission in 2004 (per CDP A-3-SLO-03-113, since expired). As you know, considerable Commission and County effort was invested in developing the elements and parameters of that 2004 approval, and many of the same issues are raised now and warrant similar treatment. Thus, we recommend that the terms and conditions of CDP A-3-SLO-03-113 be used as a starting point for consideration of development terms for the current project.

Issues

Agriculture

One of the major concerns with the proposed project on the County's "preferred" site is that it would take some 192 acres of agricultural land, most of which is prime, out of agricultural production. Approximately 17 acres would be needed for the physical plant and related facilities. However, a much larger area, approximately 175-acres, would be converted for spray fields and leach lines. Because the effluent will only receive secondary treatment, that land would not be used or made available for agriculture (or almost anything else). Indeed, any materials removed from the disposal area (e.g., grass, cover crop) would have to be disposed of at a landfill.

LCP Agriculture Policy 1 requires that agricultural land be maintained in or available for agricultural production and strictly limits the conversion of agricultural lands to non-agricultural uses. Where such uses are allowed on agricultural land, it must be demonstrated that no alternative building site exists on or offsite and the least amount of land possible is converted. Such permitted uses cannot conflict with surrounding agricultural land and uses (Policy 1 and CZLUO Section 23.08.288(d)). It is clear that some conversion is required for a physical plant located outside of town (some 17 acres). However, it is not clear that the complete conversion proposed (i.e., where such land would be completely converted because the land cannot be used for anything other than secondary treated wastewater disposal) for the effluent spray fields and related area, some 175 acres, is similarly required. If the wastewater were treated to tertiary levels, this land could continue to be used for agricultural purposes. That is true whether the tertiary treated effluent is disposed of in the manner proposed, or whether it is instead directed to some form of beneficial reuse (e.g., injection wells to offset loss of septic input and/or to stem seawater intrusion, agricultural irrigation ("purple pipes") that allows certain groundwater pumping to be reduced). With tertiary treatment, some combination of beneficial uses would result in a reduction of land area required for effluent disposal. In our opinion, the LCP requires that the project be modified in this respect if it is feasible to do so.

In addition, with a tertiary treatment project, it may be that the co-location benefits that accrue to

a project outside of town on agricultural land are no longer applicable. In other words, a tertiary project may make better sense to be sited closer to or in town at the Tri-W site (and potentially off of agricultural lands altogether) to the extent it is re-envisioned as a hub for distributing reclaimed wastewater where such distribution is closer and/or in town (e.g., through injection wells, irrigation connections). As previously mentioned, the effluent disposal needs and potential alternative uses of tertiary treated effluent need to be thoroughly evaluated in order to make informed judgments on this point. However, it appears clear that such a basic change in presumption could lead to other treatment plant locations becoming more attractive, perhaps even some that were excluded from consideration in the DEIR through prior "screening" efforts, like locations near suitable injection well locations or appropriate irrigation hubs, etc. To the extent such options make sense with a tertiary project, and can avoid adverse agricultural impacts from plant siting, we encourage the County to pursue evaluation of such options as it reconsiders project parameters with a tertiary project.

In terms of mitigation for unavoidable agricultural impacts, the project appears to be premised on a 1:1 mitigation ratio for direct impacts, and a 0.5:1 mitigation ratio for indirect impacts. However, several aspects of this mitigation framework are unclear, including to what degree an impact is deemed "indirect", and thus, per the DEIR, considered of lesser magnitude. Because indirect impacts will decrease agricultural sustainability and productivity, and could even lead at a certain point to direct conversion depending on the nature and severity of the impacts, the most conservative LCP approach is to consider indirect impacts to be direct impacts, and we believe that that is the approach that should be used here.

In addition, since any unavoidable agricultural land impacts will be to existing agricultural lands protected as such by the LCP, all mitigation should be premised on appropriately replacing those agricultural lands (e.g., buying urban property with appropriate soils and converting back to agricultural production) and/or protecting specific agricultural properties that are seriously threatened by potential urban conversion (e.g., due to urban-agricultural interface conflicts, legal lot issues) or that are critical for ensuring a stable urban-rural boundary (e.g., due to strategic location). Further, given the inherent difficulty in ensuring that these agricultural mitigation measures will be successful over the long term, and to provide some insulation against a certain degree of potential failure in that respect, a rote reliance on a 1:1 mitigation framework is inappropriate in this case. Rather, any project approval should be based on a greater than 1:1 mitigation ratio that is itself derived from and supported by evidence showing that long term agricultural productivity will be protected on a minimum acre for acre basis that takes into account the need for "insurance buffer" acreage.

With respect to the ultimate amount of agricultural land impacted and necessary replacement/protection acreage, the acreage affected by the project in this respect is unclear based on the materials we have reviewed to date. The acreages identified as directly impacted are different in different locations (including between the DEIR and the project referral), and the indirect acreage impacts are unclear and need to be more clearly identified. In addition, a modification to tertiary treatment will substantially alter the agricultural mitigation premise,

including how much land is necessary for effluent disposal. Tertiary treatment also alters the mitigation premise in terms of associated project costs because, among other factors, agricultural mitigation costs would go down, but project costs would presumably go up (although some could be recouped through beneficial reuse of tertiary treated water). In any case, we would be happy to work with the County on the particulars of an agricultural mitigation program based on the evaluation we were provided as well as issues relating to tertiary treatment options relating to some form of continued agricultural production on affected lands.

Ultimately, the selected agricultural mitigation measures must be consistent with and further LCP goals of protecting overall public health and welfare, environmental quality, and long-term agricultural sustainability. Accordingly, any sites “protected” under the mitigation program must effectively guard against further losses and conversions, whether by urban sprawl or from other threats. The program must provide enforceable mechanisms to ensure that this is the case (e.g., affirmative agricultural easements, third-party easement holders). The program must also ensure that mitigation site management measures are mindful and protective of adjoining natural habitats and recreational resources. The program should also provide for evaluation of agricultural practices on affected lands to ensure that they are appropriate and capable of restoring and promoting healthy soils (e.g., minimize soil erosion, minimize air and water quality impacts, organic farming), ensuring sustainability over time, and that they foster skills, appreciation of and understanding needed to promote wise stewardship on the part of growers, the community and the general public. Obviously, such a program requires much more than an ‘acreage for acreage’ exercise, and instead calls for a more holistic and inclusive approach designed to take into consideration the range of factors and variables that will determine and ensure long term agricultural protection and sustainability. This is an area of land use undergoing close scrutiny, exciting change and innovation that is vital to our communities’ future food security. We have some experience with recent agricultural mitigation programs of this type, and would be happy to provide additional input on this subject.

Urban-Rural Boundary, Growth Inducement

The proposed project represents a major public infrastructure works with the potential to significantly destabilize the urban-rural interface in this coastal region by inducing growth inconsistent with Coastal Act and LCP policies (e.g., protection of natural habitat areas, agricultural lands and uses, public visual resources). The LCP limits the capacity of public works facilities to avoid inducing growth beyond what can appropriately be accommodated consistent with coastal resources protection policies. Public Works Policy 2 together with LCP Coastal Zone Land Use Ordinance (CZLUO) Sections 23.04.430 and 23.04.032 specifically prohibit the extension of services outside the LCP’s Urban Service Line (USL). Accordingly, it is critical that the project be sized, directed to, and restricted to service of existing developed areas only, and that it not be allowed to induce inappropriate development – whether in or outside the USL. This means that physical capacity and system sizing, as well as legally enforceable restrictions, must be included in the project to ensure that only existing developed areas, consistent with LCP infill/redevelopment policies, will be served by the project.

We understand that the proposed project service area is co-terminus to the septic discharge prohibition zone established by the Regional Water Quality Control Board (RWQCB). However, the prohibition zone includes properties with serious resource constraints (e.g., ESHA) and/or properties located outside of the USL. Conversely, certain developed properties are located outside the prohibition zone (and the proposed service area) and outside the USL and thus would not be eligible for sewer service. To ensure LCP consistency and avoid inappropriate growth inducement, the service area boundary needs to be made coterminous with the existing developed area (including LCP appropriate infill), and should be drawn to exclude all other (i.e., non-infill) ESHA, wetland, related habitat areas, and agricultural lands. In particular, and at a minimum, the following areas should be excluded from the service area boundary: the Elfin Forest, Sweet Springs, and other ESHA parcels within the USL generally located adjacent to Highland/Bayview Heights and east of the Broderon site. Based on a more refined habitat screening (see also habitat discussion below), we would be happy to work with you on fine tuning such a service area boundary.

Furthermore, in addition to reconfiguring the service area boundary, the effectiveness of this boundary needs to be reinforced through enforceable legal mechanisms (e.g., utility prohibition zones, utility connection prohibitions, third party one-foot non-access easements) as part of the project to ensure that only development within the service area boundary will be served by the project.

Subsequently, the LCP needs to be amended to codify the USL (and thus the urban-rural boundary) at the same location, and to make any other applicable and appropriate adjustments to conform to the operative elements of the approved project (e.g., redesignating property from urban to rural and vice versa as appropriate, accounting for agricultural mitigation sites). These subsequent and conforming LCP amendments would be separate from but related to the wastewater project, and could build on and be incorporated in the County's pending Estero USL LCP amendment, appropriately adjusted to reflect the USL after the wastewater project is clearly framed and to clearly designate areas suitable for urban or rural uses.

Finally, to further protect against potential growth inducement outside the identified service area boundary, the wastewater system needs to be clearly sized and restricted to address development and redevelopment within the urban service area so identified. On this point, the buildout numbers in the DEIR appear inflated because they fail to take into account the full spectrum of coastal resource protection constraints as well as other limitations, such as a sustainable water supply (although tertiary treatment could alter this aspect somewhat, depending on the nature of available beneficial uses). Further, we are concerned that these numbers presume development that the LCP would not allow. Build out numbers need to be based on what the LCP allows, including consideration of various resource protection and use constraints as well as those resulting from the redrawn service boundary/USL line. The project's sizing must be based on clear evidence that it will not provide or be capable of providing more capacity than necessary to accommodate LCP consistent development within the urban service area defined in the project and subsequent LCP amendments.

If these elements are effectively incorporated into the project, a secure urban-rural boundary and commitment to service that is not growth inducing can be ensured.

ESHA's, Wetlands, Other Habitats and Biological Resources

It is not clear to us from the project materials to date that all ESHA, wetlands, other habitats and biological resources have been identified and avoided to the maximum extent feasible. Lacking adequate completion of that evaluation, it is not clear that the habitat impacts are in fact unavoidable, and it is not clear that adequate mitigation for those impacts that are actually unavoidable has been identified and required. The LCP's ESHA, wetland, and other habitat and biological resources protection policies (including CZLUO Section 23.08.288(d)) allow for public facilities to be located within ESHA only where there are no other feasible alternatives and where maximum feasible mitigation measures are included. In this regard, we share the major concerns raised by the U.S. Fish and Wildlife Service in their January 29, 2009 letter commenting on the DEIR as well as those of California Department of Fish and Game in their letter of January 30, 2009. Both agencies raise significant concerns about major deficiencies in the information associated with the project alternatives as covered in the DEIR relative to biological resources information, documentation, consultation, avoidance of adverse impacts to endangered and threatened species, and adequacy of mitigation measures.

ESHA, Wetland, and Other Habitat Identification. All ESHA, wetland, and other habitat resources within the area affected by the project must be identified, mapped, and avoided. It is not clear that this has been done and therefore affects our ability to adequately comment on the project. For example, the DEIR indicates that botanical surveys have not been completed for large portions of the Tonini Ranch site. We also note that all of the known sensitive biological resources shown in Exhibit 6 of the DEIR's expanded biological analysis are not included on the project referral site layout plan (DRC2008-00103). For example, the expanded biological study identifies and maps an existing coastal stream running along the southwest side of the property, yet this coastal stream is not identified on the site layout plan included in the project referral. Instead, this area is shown to include effluent spray fields. It is clear to us that a project should not be permitted until all habitat constraints, including ESHA constraints, are clearly identified and avoided where it is feasible to do so.

Setbacks. It appears that the project also proposes reduced setbacks for certain ESHA, wetland, and other habitat areas. Similar to our discussion on habitat identification itself, LCP required setback areas need to be avoided in the same way sensitive habitat areas must be avoided, including evaluation of relocation and rerouting alternatives as necessary. This includes but is not necessarily limited to the following areas that were previously addressed in the 2004 CDP: East Paso, Sunny Oaks, Lupine Street, Donna Street Wetlands, 4th Street Wetlands (PPS), and Solano Avenue.

Spray Field Habitat Impacts. Additional analysis is needed regarding potential impacts to coastal streams and riparian habitat areas (including those identified as containing certain sensitive species, like the California red-legged frog) that could result from spraying treated effluent in

close proximity to these resources. The DEIR briefly describes a minimum required setback of 100 feet from any sensitive resource as the single mitigation measure needed to address spray field impacts on ESHA. However, it is not clear to us that this buffer distance is adequate to protect these resources as required by the LCP, particularly given only secondary treatment. In addition, and as indicated above, at least one coastal stream area appears slated for direct spraying. Further analysis is needed to address habitat impacts from spray field effluent making its way into these sensitive resource areas. The use of treated effluent spray fields adjacent to such habitat areas raises numerous questions that will need to be answered to find consistency with the LCP's habitat protection policies. For example, is a 100-foot buffer adequate to protect sensitive habitat areas from spray field impacts? Are larger buffers needed for creeks that may be occupied by red-legged frogs? How are wind and rain factored into the impact analysis? What other mitigations/site design techniques are available to avoid/minimize overspray and contaminated surface water quality impacts?

Of course, with tertiary treatment, as previously discussed, these impacts would presumably be significantly reduced. However, they must still be identified and adequately addressed (i.e., with tertiary treatment, 100 feet alone may be sufficient, but this must be clearly documented). And depending on the volume of spraying (as opposed to the volume that may be put to other beneficial use), these impacts might be further reduced or avoided. Further, it is possible that with tertiary treatment these potential ESHA impacts could be completely eliminated, or they may not be impacts so much as benefits (e.g., improved hydrologic inputs leading to habitat enhancement, recycled water for irrigation leading to less groundwater use), both in areas immediately adjacent to project elements (like coastal streams near spray fields) and on a broader environmental level (e.g., overall affect on the Los Osos groundwater basin and Morro Bay). In any event, though, the main point is that these impacts need to be clearly understood and addressed, and tertiary treatment would appear to be an appropriate way to avoid significant habitat impacts (i.e., in addition to the manner in which tertiary treatment avoids/minimizes certain agricultural and habitat impacts in other ways).

Habitat Impacts at the Broderson Site. According to the DEIR, significant impacts to ESHA will occur through the use of the Broderson site for effluent disposal as proposed. Not only will habitat be impacted when the site is developed for the leach fields, but long term maintenance of the site will also result in additional habitat impacts overtime. It is not clear to us that these impacts can be found consistent with the LCP. In particular, as discussed above, the tertiary treatment option would appear to significantly reduce habitat impacts at the Broderson site, both in terms of immediate impacts and with respect to long term impacts associated with site maintenance. Specifically, the Broderson site is home to significant habitat resources, including special status species (e.g. Morro Manzanita, Monterey spineflower, Blochman leafy daisy, Morro shoulderband snail, Morro Bay kangaroo rat, monarch butterfly). These resources would be completely removed as part of the project. According to the DEIR, impacts to ESHA will occur within 8-acres of the Broderson site. To be consistent with the LCP, these impacts must be avoided if feasible. Again, tertiary treatment would appear the method to avoid habitat impacts at Broderson to the extent feasible, including to the extent effluent disposal needs there are reduced

and/or changed, and is yet another reason that the County should consider modifying the project to provide for tertiary treatment. On this point, it should also be noted that in accordance with the previous CDP for the Tri-W site, mitigation at the Broderson site was required and, as noted in the USFWS letter, appears not to have been fully implemented. That mitigation was for impacts that have already occurred in connection with development authorized but not completed in that CDP. How this fact relates to what is now proposed at Broderson and what is considered to be mitigation there will need to be addressed.

Pump Station Locations. The pump stations proposed to be located in ESHA (or within requisite setbacks) are not allowed under the LCP. To meet LCP setback standards, the new project referral indicates that a setback adjustment is needed for two pump stations. However, the new project referral does not specify which pump stations are subject to the adjustment, nor to where they would be relocated. The project must be modified to remove such pump stations for all ESHA, wetland, and other habitat areas (see also ESHA identification above).

Treatment Plant Drainage. From the site plan included in the project referral we note that a stormwater discharge pipe is located in the ESHA. This is not consistent with the LCP. It appears clear that there are other methods of stormwater drainage and treatment that can be utilized with the project, including Low Impact Development (LID) technologies (e.g., vegetated ponds, swales, strips), that can avoid development of drainage facilities in ESHA and required buffers. We recommend that the project be revised accordingly to completely remove development from ESHA and ESHA buffers.

Trenching vs. Drilling/Boring. We concur with project specific mitigation measures discussed in the DEIR related to the implementation of trenchless technologies for the installation of conveyance pipelines within and adjacent to areas containing wetland, streams, and riparian vegetation (Mitigation Measure 5.5-A7). We also agree that the project should include pipe suspension methods for areas with existing bridge crossings along the proposed conveyance routes (particularly at the Los Osos Creek and Warden Creek crossings). In addition to reducing the amount of habitat disturbance that would occur through excavation, longer term maintenance and leak detection could be improved and impacts reduced when the pipes are visible and positioned in a location where access for repairs would be less intrusive.

Habitat Restoration. LCP ESHA Policy 3 requires the restoration of damaged habitats as a condition of new project approval when feasible. Both the LCP and the DEIR document the presence of wetland habitat in the southwestern corner of the Tonini site (Warden Creek Wetlands). However, the discussion contained in the DEIR of the habitat restoration proposed in this area is confusing. Per the LCP, we presume that damaged habitat areas in the project area are being avoided, restored where feasible, and appropriately buffered (see also above). However, from information provided to us this is not clear.

In addition and specifically, the document does not clearly identify what would be done at the Mid-Town site in this respect either. Initial construction activities at this site appear to have damaged ESHA there, and any wastewater project, including the preferred alternative that

includes a pump station in this area, must account for the impacts that have already occurred at that site. As noted above, the Broderson site was to be restored as mitigation for impacts at the Mid-Town site associated with the previously approved and permitted wastewater project. The Mid-Town site damage that occurred was to be mitigated by restoration at Broderson. Accordingly, mitigation credit at Broderson cannot be used to mitigate new impacts associated with the current project. In other words, absent some new mitigation framework that otherwise “undoes” impacts at the Mid-Town site, Broderson restoration is required whether this project moves forward or not.

HCP. It is not clear to us whether the project commits to a Habitat Conservation Plan (HCP) and HCP process to address potential impacts associated with in-fill development that would be served by the project (see also growth inducement comments above). We believe a project necessity is an accurate evaluation of such infill properties in terms of habitat constraints. Sites that are completely constrained and cannot be developed should be located outside the service area and the urban-rural boundary where feasible and appropriate. Where it is not feasible and appropriate to exclude such lands from the service area (e.g., lots completely surrounded by urban development), then that needs to be clearly explained. The results of this evaluation should be used to assist in defining the USL/service boundary, as described above. For any properties falling in this category, subsequent analysis will be required to determine whether any new development can be permitted (i.e., to avoid an unconstitutional taking). Under such circumstances, some habitat impact that might not otherwise be allowed under the LCP may be permitted. To accommodate such potential special circumstance cases, we recommend that the project include a commitment to the completion of an HCP process. It is noted that such a commitment was required as part of the Commission’s previous wastewater treatment plant approval. This requirement needs to be carried over in this case as well.

Public Views

The LCP requires that development be located on the least sensitive portions of publicly visible sites, and that it incorporate design features, such as grading, screening and revegetation plans to minimize unavoidable adverse visual impacts. We note that photo simulations are not included in the project referral and the visual analysis in the DEIR is extremely limited and therefore unacceptable. The DEIR provides only a single view simulation from Los Osos Valley Road and is not adequate to fully evaluate and understand the potential negative impacts to scenic resources. Similarly, the materials we have seen are lacking in terms of proposed grading and landscaping parameters, including the manner in which such grading and landscaping could have its own view impacts and/or, conversely, could help to offset certain potential impacts (e.g., through berming/landscape screening). It is clear to us that additional public viewshed impact analysis is warranted. Specifically, we recommend that a supplemental visual and scenic resource analysis be provided for each potential development site (including those evaluated to date, as well as alternatives that are appropriate based on these comments, including analysis taking into account modifications that may be required if tertiary treatment is incorporated) that evaluate viewshed impacts from all public view corridors (for the County’s currently proposed site, such evaluation must at a minimum include varying views of the sites from Los Osos Valley

Road and Turri Road). We recommend that the project be modified to make best use of existing topography to hide development from public view, and to include natural-looking berming and landscaping to screen development that is unavoidably sited in the public viewshed so that adverse visual impacts are minimized. From what we understand to date, and with the various project modifications associated with the recommendations above, it appears that there are sites capable of accommodating the proposed project facilities of the scale and scope needed that can be effectively hidden from public view.

In conclusion, we fully support measures to address the community's wastewater problems. We underscore that, in our opinion, a modified tertiary treatment project, as discussed, is a prerequisite for approval consistent with the LCP and the Coastal Act. There is little doubt that tertiary treatment can significantly reduce adverse environmental impacts as well as reducing adverse impacts to agricultural lands and uses. It can also assist in addressing community water supply problems, which, although not a primary project objective, should be part of a broader discussion of community needs and benefits derived from a project that includes tertiary treatment. This is particularly appropriate given that the project represents a significant public infrastructure investment which is capable, if properly conceived, designed and carried out, of achieving multiple public and community benefits.

We note, in closing, there may be additional issues that need to be addressed that we either were not aware of or that arise as a result of response to the discussion of our concerns in this letter. We would be happy to meet with you and will make every effort to make available time to move this important project to completion within the context of full compliance with Coastal Act and LCP requirements. Feel free to contact me if you have any questions or if we can be of further assistance.

Sincerely,



Jonathan Bishop
Coastal Program Analyst
Central Coast District Office

cc: Bruce Gibson, Chairperson, 2nd District Supervisor
Victor Holanda, Director, San Luis Obispo County Planning and Building Department
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July 15, 2009

Paavo Ogren, Director
San Luis Obispo County Public Works Department
County Government Center, Room 207
San Luis Obispo, CA 93408

Subject: Proposed Los Osos Wastewater Project

Dear Mr. Ogren:

We have been following the evolution of issues surrounding the Los Osos wastewater treatment project with great interest and some consternation. We have also, as you know, provided input and recommendations on the project, most recently through our EIR comments as well as conference calls with you and your staff. As the review by the Planning Commission progresses we are being made aware of additional issues that need to be addressed by the County before the matter comes to the Commission (we think it safe to assume the matter will be appealed to the Commission by one or more parties) – issues that have been brought to our attention by members of the community, our own improved understanding of the complex, changing circumstances affecting the project with coastal resource implications, and other public agencies. Some of these issues are new, but most are issues which we have previously identified that are evolving as more information and deliberations are brought to bear on the project. As you know, during the course of the Commission's meeting in San Luis Obispo on July 8th and 9th, we received numerous substantive public comments from Los Osos residents regarding the proposed wastewater treatment project. Some of the comments were focused on issues on which we have already commented, by letter and numerous discussions. It appears that some of these are being addressed in a positive manner by the County's Planning Commission, which is continuing to hold hearings on the project. For example, the Planning Commission has tentatively conditioned the project to include important design changes such as tertiary treatment, fusion welded pipes in areas of high groundwater, and relocation of the treatment plant itself from Tonini Ranch to the Giacomazzi site.

In response to public comments in San Luis Obispo earlier this month, the Executive Director responded to several speakers by telling the Commission, the County and the public that we would be sending a supplementary letter to the County spelling out our additional concerns about several issues that we strongly hope will be addressed by the County, either by the Planning Commission or the Board of Supervisors. In subsequent discussions with individual commissioners, it became clear that there is great concern among them, and staff, that several very significant issues may not be adequately addressed at the County level, ultimately leaving to the Commission the question as to how they should be addressed. In particular, given the testimony at public comment during the July meeting, the information presented, and ensuing discussions between commissioners and the Executive Director, it appears several critical design issues that warrant changes to the proposed project are still a matter of debate. In order to avoid an unnecessary impasse when this matter arrives at the Commission we urge the County to address the following issues in addition to the others we have previously identified.

Exhibit 7
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The County's LCP policies call for balancing of groundwater basins and protection of watersheds. A project that does not fully return tertiary treated effluent to the basin would be inconsistent with applicable LCP policies (e.g., LCP Coastal Watershed Policies 1, 2, 5, and 11). We also encourage timely implementation of strong, effective water conservation measures, by both the County and private water purveyors, that will reduce water extraction, thereby reducing pressure on the lower aquifer. Irrespective of the rather limited project goals and objectives identified in the EIR, seawater intrusion is an adverse impact that is inextricably linked to this project, and as such, must be fully addressed and mitigated.

Finally, we understand that the goal of minimizing sludge production to the maximum extent practicable has not been identified as a priority in the evaluation of alternative collection systems and treatment technologies. We recommend that the mitigation of this particular project impact be reflected as a high priority in the selection of preferred collection and treatment technologies and that the County ensure that the methods chosen are the best ones designed to produce this outcome.

We hope that these comments are useful to the County as the project moves through the local review processes. These comments are intended to help inform the decision making process at the local level and we hope they are taken into account and addressed before the project is approved and appealed to the Commission. As you know, this project is a major public works undertaking for which it is incumbent on the County and all responsible entities to thoughtfully consider options and project permutations that can maximize its effectiveness in promoting the public welfare and protecting coastal resources. In our view this means that the wastewater and groundwater problems in Los Osos must be addressed holistically and not piecemealed. Sound land and water use planning and effective public policy implementation call for such an approach. As the Executive Director said at the July meeting, we are trying to convey our concerns to the County in a timely manner in order to avoid or minimize conflicts later in the process. Please feel free to contact us if you have any questions or concerns and we look forward to continuing to work in a collaborative manner with the County to achieve a well designed, approvable, long overdue wastewater treatment system for Los Osos.

Sincerely,



Dan Carl
Central Coast District Manager

cc: Bruce Gibson, Chair, Board of Supervisors
Frank Mecham, Vice-Chair, Board of Supervisors
Khatchick Achadjian, Board of Supervisors
Adam Hill, Board of Supervisors
James Patterson, Board of Supervisors
Kami Griffin, Planning Department
Mark Hutchinson, Public Works Department

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
PHONE: (831) 427-4863
FAX: (831) 427-4877



October 20, 2009

Paavo Ogren, Director
San Luis Obispo County Public Works Department
County Government Center, Room 207
San Luis Obispo, CA 93408

Subject: A -3-SLO-09-055

Dear Mr. Ogren:

On October 19, 2009 the Coastal Commission filed an appeal of the Los Osos Wastewater Project (DRC2008-00103). The appeal raises concerns about the protection of the Los Osos Groundwater Basin. Specifically, the appeal cites special condition #97 as problematic because it allows for the possible export of treated effluent outside of the Los Osos Groundwater Basin and makes the disposal of treated effluent subject to an unknown outcome of legal adjudication. In short, the appeal calls into question the ability of the County approved project to protect the long-term integrity of the Los Osos Groundwater Basin should all of the treated effluent not be returned to the basin (see attached).

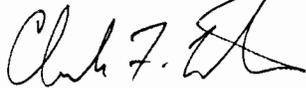
As we have previously discussed, if the County was to amend its approval of the project to address the appeal contentions, Commission staff would recommend to the Commissioner appellants that the appeal be withdrawn, or alternatively, that a new appeal of any subsequent County action on the project not be filed. Specifically, if the County deleted the introductory sentence of special condition #97, added the phrase "in the Los Osos Groundwater Basin" to the currently second sentence of special condition #97, and deleted subsection (e) of special condition #97, the appeal contentions would be addressed from Commission staff's standpoint, because the project would be required to keep all treated effluent within the Los Osos Groundwater Basin. In addition, based on our review to date, we have not identified any other significant concerns with the project as otherwise approved by the County. However, we did receive twenty-one other appeals of the project, which will need to be reviewed for any substantial issues in our normal course of business for such actions.

Finally, as we have also discussed, in the interest of further coordination between the County and the Commission on this matter, and to support full consideration of the issues raised, we would appreciate it if the County could provide us with a signed waiver of our 49-day review requirement; otherwise we would need to prepare a staff report in the next several days for our November Commission hearing.

Paavo Ogren, Director, San Luis Obispo County Public Works Department
Post CCC Appeal Comments
October 20, 2009
Page 2

Please feel free to contact me if you have any questions or concerns and we look forward to continuing to work with the County to resolve any significant issues with the Los Osos Wastewater project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles F. Lester". The signature is written in black ink and is positioned above the printed name.

Charles Lester
Senior Deputy Director

cc: Bruce Gibson, Chairperson, 2nd District Supervisor
Mark Hutchinson, Environmental Programs Manager, San Luis Obispo County Public Works Department
Murry Wilson, San Luis Obispo County Planning and Building Department

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
PHONE: (831) 427-4863
FAX: (831) 427-4877

**MEMORANDUM**

Date: December 8, 2009

To: Appellants in Coastal Commission Appeal Number A-3-SLO-09-055 (Appeals of San Luis Obispo County's Action to Approve a Coastal Development Permit (CDP) for the Los Osos Wastewater Project (LOWWP): Chris Allebe; Sandra Bean; Don Bearden; Barry and Vivian Branin; California Coastal Commissioners Sara Wan and Mark Stone; Chuck Cesena; Citizens for Affordable and Safe Environment; Coalition for Low Income Housing; Fair Allocation of Important Resources (F.A.I.R.); Martha Goldin; Joan Harlem; J.H. Edwards Company; Los Osos Legal Defense Fund; Alfred and Lourdes Magallanes; Richard Nyznyk; Linde Owen; Steven Paige; Bruce Payne; Piper Reilly; Sierra Club - Santa Lucia Chapter; Surfrider Foundation - San Luis Bay Chapter; Julie Tacker; Elaine Watson; and Keith Wimer.

From: Dan Carl, Central Coast District Manager

Subject: County Notice of Amendment to Appealed LOWWP Action (A-3-SLO-09-055)

As you know, San Luis Obispo County approved a CDP for the LOWWP on September 29, 2009 (County CDP DRC2008-00103), and you appealed that approval to the Coastal Commission (Commission appeal number A-3-SLO-09-055). Appeal number A-3-SLO-09-055 is currently pending. Please note that on December 7, 2009 the Commission's Central Coast District Office received a notice from San Luis Obispo County indicating that the County has amended its approval of CDP DRC2008-00103. Based on the amendment documentation, it appears that it is the County's intent that this amendment be folded into the prior action that you appealed; however, the County did not rescind nor replace its prior action. Instead, the County took a new action that affects the prior action. Based on the County's failure to explicitly rescind its prior approval, it is not entirely clear whether your appeals can affect the new action of the County.

As a result, this letter is to notify you of this issue and to note that if you remain interested in this matter and want to preserve your standing as an appellant, then this office should receive a new appeal from you of the County's amendment action within the 10-working day appeal period (**appeals must be received via fax or U.S. Post before 5:00 p.m. on December 21, 2009**). If you intend to submit an appeal on the County's amendment action, new appeal forms directed to that action can be accepted if the forms reference any prior materials that you submitted in your original appeal (i.e., it is not necessary to re-submit exhibits and contentions that you previously submitted with your original appeal if you explicitly reference them in your appeal of the amendment action).

Thank you for your continued interest and participation. You have been placed on our mailing list for the LOWWP, and you will be mailed notice of any upcoming public hearings at the Coastal Commission level on these matters.

Appellants in Appeal Number A-3-SLO-09-055
County Notice of Amendment to Appealed LOWWP Action (A-3-SLO-09-055)
December 8, 2009
Page 2

If you have any questions, please contact Jonathan Bishop of my staff at the address and phone number above.

Dan Carl

A handwritten signature in black ink, appearing to read "DAN CARL". The signature is stylized and somewhat cursive.

Central Coast District Manager

cc: Paavo Ogren, San Luis Obispo County Public Works Department
Nancy Orton, San Luis Obispo County Planning and Building Department



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Paavo Ogren, Director

County Government Center, Room 207 • San Luis Obispo, CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us

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DEC 05 2008

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

December 1, 2008

Charles Lester
California Coastal Commission
725 Front Street, Suite 300
Santa Cruz, CA 95060-4508

Subject: Draft Environmental Impact Report for the Los Osos Wastewater Project

Dear Mr. Lester:

We are pleased to present the Draft Environmental Impact Report (DEIR) for the Los Osos Wastewater Project. Although your agency has dealt with three previous versions of this project, we believe that the current project and the process that developed it represent the best solution for an issue that has been with the community of Los Osos for over thirty years. This letter describes the process used to develop a range of feasible project alternatives, generally introduces the DEIR, speaks to several specific concerns that your agency has previously identified, and finally seeks your advice and direction on the project.

We must recognize Assemblyman Sam Blakeslee who crafted legislation that would provide a rational path to a successful project completion, and the San Luis Obispo County Board of Supervisors who unanimously chose to take on this onerous and expensive project by committing the necessary people and money to bring it to fruition. And, we acknowledge the property owners in Los Osos who voted by an 80% margin to fund a solution to the community's wastewater issues.

As evidenced by the complexity of the DEIR, the County has expended great effort to fully analyze a wide range of alternative solutions, carefully consider the community's concerns, and consider cost. Rather than begin with a preferred alternative, the process utilized initial constraints studies, screening analyses, community meetings, a technical advisory committee, and a team of experts to focus the alternatives on those four that are fully analyzed in the DEIR. The four alternatives examined in the DEIR are differentiated by location, collection technology and treatment process. Unlike many California Environmental Quality Act (CEQA) analyses, these alternatives are examined at an equal level of detail, so that any of them, or any combination of their components,

may be chosen as the final project. Consequently, we seek your comments and advice on both the analysis presented here, and on the appropriate project.

Local Coastal Plan Requirements

As Section 5.1, Land Use and Planning and its companion detailed appendix illustrate, there are numerous Local Coastal Plan policies and standards that apply to the project. The overriding considerations are that the community itself is located within an Environmentally Sensitive Habitat Area (ESHA), and nearly all available land east of the community is designated agriculture, in addition to being designated a sensitive environmental area for one or more reasons. Therefore, the key standard is found in Section 23.08.288, which requires that the project demonstrate that there are no feasible locations to the sites chosen, for the various wastewater project components. Thus, the range of alternatives and focus of analysis in the Environmental Impact Report (EIR) is to ensure compliance with Section 23.08.288. We believe that the DEIR accomplishes this goal.

Consistency with Previous Coastal Development Permit

On August 11, 2004, your agency issued a Coastal Development Permit (A-3-SLO-03-113) to the Los Osos Community Services District for the construction and operation of a wastewater treatment system to serve areas of Los Osos. A key element of the County's project development process is to carry forward every applicable concept, policy application and condition of approval from that project into the current effort. Therefore, we have limited the wastewater service area to that described in the referenced permit, and sized the system to serve only that area. Restrictions on serving any new development until all previous conditions relative to land use planning, water supply and habitat protection are carried forward (note that undeveloped parcels have not been assessed to pay for the project, pending identification of a clear program to address the aforementioned issues.)

There are two key differences between the current alternatives under consideration and the previously permitted project: relocation of the treatment plant to an out-of-town location, and the addition of spray fields as a component to effluent disposal. Alternative locations for the treatment plant facilities are considered throughout the DEIR. A screening analysis was conducted, as described in Section 7 of the DEIR, to identify the sites that could feasibly accomplish the fundamental goals of the project, while minimizing environmental impacts. All of the treatment plant sites that are considered feasible are located east of Los Osos Creek. You may recall that in 2001 the Los Osos Community Services District developed a project that was approved with a treatment plant at the Mid-town (Tri-W) site. However, shortly after construction began, the majority of the Los Osos Community Service District board members were recalled and the new board immediately halted construction on the wastewater project. Because the Local Coastal Plan in Section 23.11.030 defines "feasible" as "*Capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technological factors*", the action of

the community representatives to halt construction on a permitted facility can be taken as strong evidence that a Mid-town treatment plant is not feasible from a social (community) perspective. Further, the cost analysis conducted as part of the current project development process indicates that the technology required to develop an “in-town” treatment plant is substantially higher than for out-of-town facilities. These results demonstrate that the placement of a wastewater treatment plant west of Los Osos Creek, within the more densely developed community, is not currently feasible.

A second especially controversial component of the previous project was the effluent disposal field at the Broderson site. In order to address concerns about the capacity of the Broderson site, we have added effluent spray fields east of the community to provide additional effluent disposal capacity. This will allow the project to introduce effluent at Broderson at a lower initial application rate, concurrent with a groundwater monitoring effort, to ensure that issues of surfacing effluent, alternate in-town disposal sites, and harvesting wells are avoided. However, because of the relatively large area (approximately 175 acres) that is required for the proposed spray disposal, locations for the proposed spray field facilities were also reviewed east of Los Osos Creek.

Water Supply and Habitat Conservation Plan (HCP) Issues

During the processing of the previous project in 2004, it was evident that the Commission had concerns about the status of the community’s water supply, and the overall impact of future growth on the unique habitats found in Los Osos. At that time, it was recognized that solving the wastewater issue was only one component of efforts, to bring the future of Los Osos into step with the overall goals and objectives of the California Coastal Act. At the same time, it was acknowledged that the community’s ability to move forward is dependent on tackling these larger issues one at a time, rather than trying to solve all of the problems at once. While progress on water and habitat issues slowed dramatically with the collapse of the previous wastewater project and the bankruptcy of the Los Osos Community Services District, we are pleased to report that good progress is again being made on water and habitat issues. The County and the three community water purveyors have entered into agreements that will allow us to work cooperatively towards long term water solutions; already changes are being made that will slow the current sea water intrusion conditions. With respect to the Habitat Conservation Plan, which is a necessary predecessor to related amendments to the Estero Area Plan, the County Department of Planning and Building has secured grant funding and is moving forward with the effort initially begun by the Los Osos Community Services District. We are hopeful that as the wastewater project moves towards completion community energy can be refocused on these other issues, eventually leading to a positive future for the community and its place on the coastal zone.

Next Steps:

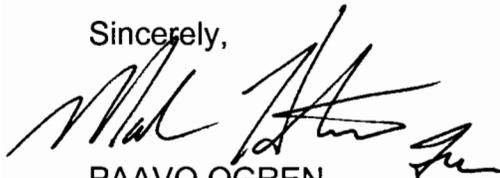
Concurrent with the release of the DEIR, the County is moving forward with a community preferences survey and a design/build process that, together with the DEIR will provide us with additional information regarding environmental effects, community

preferences, and project costs. Using this information we will select a preferred project alternative, and after refining the details of that alternative, produce a Final Environmental Impact Report. That alternative will then be carried forward into the Coastal Development Permit process, through a series of public hearings at our Planning Commission and Board of Supervisors.

Initially however, we are seeking your agency's advice and opinions on the alternatives and analyses presented in the DEIR so that the final document, and indeed the project itself, represent the best efforts of our agencies. I have been working, in one capacity or another, for the last several years on the Los Osos wastewater project. I have learned that there will be no easy way to accomplish this; there is no non-controversial location to put the treatment facility, all of the feasible alternatives are costly, and there will be no project acceptable to all members of the community.

I look forward to working with you, your agency, and our project team to finish this job. Please feel free to contact me or Mark Hutchinson, of my staff, to discuss this project and the DEIR. I very much appreciate your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paavo Ogren', written over a light blue horizontal line.

PAAVO OGREN
Director of Public Works

File: WBS 300337

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SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Paavo Ogren, Director

County Government Center, Room 207 • San Luis Obispo, CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us

October 21, 2009

Charles Lester
California Coastal Commission
725 Front Street, Suite 300
Santa Cruz, CA 95060-4508

Subject: 49 Day Waiver for the Los Osos Wastewater Project

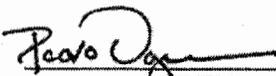
Dear Dr. Lester:

This letter transmits the signed 49-day waiver form for the Los Osos Wastewater Project. We understand the purpose of this waiver is to extend the timeframe so your agency can consider various appeals of the Coastal Development Permit for the Los Osos Wastewater Project. We have received a copy of the appeal filed by two of your Commissioners and believe that the 49-day waiver is also appropriate to provide the Board of Supervisors with time to reconsider project Condition #97 based on the issues identified in your correspondence of October 20, 2009. We intend to place this issue for discussion on the Board's agenda of November 3, 2009. Staff will be recommending that the Board formally reconsider that condition at a public hearing on November 24, 2009.

We would also like to express our appreciation for the Coastal staff review and comments during the County Planning Commission's hearings. We believe that Coastal staff efforts have helped to shape an excellent project for the community of Los Osos that protects and preserves coastal resources. Because of your efforts and those put forth by the community, the County Planning Commission, and the Board of Supervisors, we believe the project will fully comply with the standards, goals, and policies contained in the San Luis Obispo County Local Coastal Plan. Finally, we are pleased to note that federal legislation, which was signed today by President Obama (HR 2997-2010 Agricultural Appropriations Bill), has provided Los Osos with very favorable, but time-sensitive, "stimulus" financing opportunities. Consequently, we are committed to joint continued diligence for solving this long overdue need.

If you have any questions or require any information, please do not hesitate to contact us or our respective staff members.

Sincerely,



PAAVO OGREN
Director of Public Works



KAMI GRIFFIN
Assistant Director, Department of Planning & Building

Attachment

File: CF 300337

L:\Environmental\OCT09\49 day Waiver Letter 10.21.09.doc.MH:lc

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE
 725 FRONT STREET, SUITE 300
 SANTA CRUZ, CA 95060
 PHONE: (831) 427-4863
 FAX: (831) 427-4677



Waiver of 49 Day Rule for an Appeal of a Local Government Coastal Development Permit Decision

Local Government Application Number: DRG2008-00103

Coastal Commission Appeal Number: A-3-SLO-09-055

Applicant Name: San Luis Obispo County Public Works Department

Appeal Filing Date: October 19, 2009

I hereby waive my right to a hearing of the above-referenced appeal within 49 days after the appeal has been filed as established by Public Resources Code Sections 30621 and 30625(a). I understand that the local decision approving my coastal development permit application has been stayed and that I have no authorized permit to proceed with my project until the California Coastal Commission takes a final action on the project or the appeal is withdrawn. I also understand that the first Coastal Commission hearing on my item may only be a determination as to whether the appeal raises a "substantial issue." If substantial issue is found, the de novo hearing on the merits of the project may be continued to a subsequent meeting. Although I understand that the Commission may not be able to honor my scheduling requests, I request that the referenced appealed project be scheduled for January 2010.

[Applicant or Applicant's Authorized Representative must sign and date below.]

Signature of Applicant or Applicant's Authorized Representative

10/21/2009
 Date



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Paavo Ogren, Director

County Government Center, Room 207 • San Luis Obispo, CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us

TO: Bruce Gibson, Chairperson of the Board of Supervisors, (District 2)

FROM: John Waddell, Project Engineer *JW*
Mark Hutchinson, Environmental Programs Manager *MH*
John Diodati, Grants Administrator *JD*

VIA: Paavo Ogren, Director of Public Works *PO*

DATE: December 11, 2009

SUBJECT: Critical Issues Associated with American Recovery and Reinvestment Act (ARRA) Stimulus Funds & United States Department of Agriculture Rural Development (USDA) Application

As you are aware, the project team was successful in obtaining a population waiver for the wastewater project via the FY2010 Agriculture Appropriations Bill. While the bill makes the project eligible for funding through the USDA program, an application must be submitted by the County before the USDA can obligate funds. On November 30, 2009 the USDA provided our department a letter outlining the unique situation we find ourselves in. The letter (attached) highlights three important issues which are especially noteworthy:

1. *Unprecedented Funding Opportunity:*

The USDA has invited the County to apply for \$80 million in project funding. This will be distributed in an 80/20 loan/grant combination, or \$64 million loan/\$16 million grant. The loan term is 40 years at 3.5 – 4.0% interest, which results in an annual savings of 45% from municipal bonds and a 30% savings from the state revolving loan fund program. This financing, combined with the \$16 million grant component, is critical in addressing the affordability issues that exist in Los Osos.

Not only is this funding opportunity the largest federal commitment to the project in its 30 year history, it would also be one of the largest USDA wastewater projects ever funded in the entire nation. The wastewater project's \$80 million application is twice the annual amount of California USDA's normal yearly budget, and funding on a per project basis is typically \$1 - \$5 million. Congress, through the bipartisan effort of Congresswoman Lois Capps, Congressman Kevin McCarthy, and Senator Dianne Feinstein has instructed the USDA to make funding the wastewater project a national priority in order to implement the intent

of the ARRA bill, help address affordability, and protect the Morro Bay National Estuary. The following language was attached to the Senate version of the appropriations bill:

Consideration to Applications.—Water and Waste Disposal loans and grants provide financial support and technical assistance for development and operation of safe and affordable water supply systems and waste disposal facilities. Funds may be used to construct, repair, expand or otherwise improve water supply and distribution, and waste collection and treatment systems. The Committee has been made aware of and encourages the Department to consider applications for water and waste disposal loans and grants for the following projects...San Luis Obispo County Los Osos Wastewater Project (California)

Only four other California projects received similar consideration. The USDA has taken this request seriously, and has dedicated fulltime staff to oversee the funding of this important project.

2. *Time Sensitive Funding:*

ARRA funds received by the USDA were in excess of \$3 billion. These funds must be distributed by the USDA before September 30, 2010, or the stimulus bill sunsets and no more projects may be funded. Complicating this deadline is the fact that the funds are available on a first-come, first serve basis. That is, if the USDA can deplete their ARRA account before September 30, 2010, there will be no funds available for the Los Osos Wastewater Project. Currently, the USDA's ARRA fund has approximately \$1.5 billion remaining. In order to remain competitive for funding under these timelines, a complete application should be submitted in the first quarter of 2010.

3. *USDA Application Critical Path:*

The project team is familiar with the USDA application process (we were successful in obtaining \$1.8 million loan/\$1 million grant in USDA funds for the community of Santa Margarita and their municipal water system) and believe we can meet the timing issues outlined above. However, challenges still exist, which the USDA emphasizes in their letter: *"Although USDA Rural Development is willing to support your project, it is important to understand that a commitment of funds is subject to approval of a complete application yet to be submitted, environmental considerations, acceptable security, the availability of funds, and acceptance of the Letter of Conditions to be issued by our office if the application is approved."*

We are completing the application, have an approved Proposition 218 property assessment for \$127 million which the USDA considers acceptable security, understand the above-mentioned issues associated with the availability of funds, and fully expect to agree with the Letter of Conditions issued by the USDA. The only uncertainty remains with meeting their environmental conditions. The USDA application requires the development of a NEPA environmental document, and within the development of this document, there are three components that

require action by outside agencies. Failure to complete these items with any or all of these agencies could jeopardize our ability to obtain the ARRA funds. The three NEPA requirements are detailed below:

a. Section 7 Formal Consultation with U.S. Fish and Wildlife Service:

U.S. Fish and Wildlife has been involved in the project for a long time and are willing to work with the USDA and County in order to meet the NEPA consultation requirements. A meeting between the agencies occurred on December 10, 2009 and we are confident the requirements of this consultation will be realized by January 2010.

b. Section 106 Formal Consultation with the State Historic Preservation Officer (SHPO):

The USDA and County have been working with State Water Board SRF staff in order to consult with the SHPO. The USDA has requested that a meeting occur before the end of the year. We are also confident this meeting will take place and that the requirements of this consultation satisfied by February 2010.

c. Coastal Act Conformance:

The USDA requires Coastal Zone Management Act conformance and have indicated that a Coastal Development Permit (CDP) must be obtained to verify environmental compliance with this act. This issue is likely the greatest challenge to receiving USDA loan and grant funds. As you are aware, the CDP has been appealed to the California Coastal Commission (CCC), and a date for the "substantial issue" hearing has not been set. If the project does not receive a CDP within the first few months of 2010, this funding opportunity will most likely be jeopardized. Moreover, if the CCC finds that there is a "substantial coastal issue" to be considered, and elects to hold a *de novo* hearing, it is almost certain that the County will miss this time sensitive funding opportunity. USDA staff is aware of this situation and has expressed that this uncertainty is their greatest concern in regards to application timing.

In summary, the ARRA stimulus funding through the USDA program is the best financing that has ever been made available to the community of Los Osos. The \$16 million in grant funds further drive down project costs and bring the project closer to the EPA's affordability threshold. The Public Works Department is currently working to prepare the required application and is confident that the outstanding issues outlined in this memo will be addressed in a timely manner. However, meeting the environmental conditions, in cooperation with outside agencies, remains the biggest risk to obtaining this favorable funding source.



Committed to the future of rural communities.

United States Department of Agriculture
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California
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COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PUBLIC WORKS

November 30, 2009

MR PAAVO A OGREN
PUBLIC WORKS DIRECTOR
COUNTY OF SAN LUIS OBISPO
COUNTY GOVERNMENT CENTER ROOM 207
SAN LUIS OBISPO CA 93408

Dear Mr. Ogren:

Re: Public Law 111-80
Eligibility of Los Osos Wastewater Project

As you know, Section 726 (subsections 726 (1) (A), 726 (2)) of Title VII, General Provisions within the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2010, includes special instructions concerning the eligibility criteria for loan and grant funding for the unincorporated area of Los Osos, California. From October 22, 2009, until receipt of the decennial Census in 2010, the unincorporated area of Los Osos shall be considered eligible for USDA Rural Development's Water and Wastewater loan and grant program.

We applaud the County's efforts to protect the watershed in Los Osos. The purpose of this letter is to provide further guidance and emphasize the critical funding deadlines.

USDA Rural Development typically will invest \$45 - \$50 million annually to help repair and replace water and wastewater systems in California. Low interest rate loans with 40-year terms are available under this program. In many cases, grants may also be available in conjunction with loans. With a limited amount of funds available each year, the agency can have a difficult time funding all the requests it will receive.

However, with the passage of the American Recovery & Reinvestment Act of 2009 (Recovery Act), USDA Rural Development has access to substantially more funding than in a typical year. This additional funding is only available through September 30, 2010 on a first-come, first serve basis.

430 G Street • Agency 4169 • Davis, CA 95616
Phone: (530) 792-5800 • Fax: (530) 792-5837 • TDD: (530) 792-5848

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

Exhibit 7
Page 27 of 50

Our staff has met with the County and discussed the items needed to complete an application for funding. During our meetings we discussed various funding options. We are agreeable to consideration of approximately \$80 million in our formal application. When the full application is received, we will complete a review and send it to USDA Rural Development headquarters in Washington D.C., where the panel review and final approval will take place.

This letter does not constitute a commitment of funds to the project. A funding commitment will come with approval of a completed application. Although USDA Rural Development is willing to support your project, it is important to understand that a commitment of funds is subject to approval of a complete application yet to be submitted, environmental considerations, acceptable security, the availability of funds, and acceptance of the Letter of Conditions to be issued by our office if the application is approved. You are advised against taking any actions or incurring any obligations that would either limit the range of alternatives to be considered or which would have an adverse effect on the environment.

We are pleased to be working with the County on your proposed wastewater project. Should you or your staff have any further questions regarding the application process, please contact Pete Yribarren at (559) 734-8732 X 108.

Sincerely,



JANICE L. WADDELL
Community Programs Director

C: Kyle Ochendusko, State Water Resources Control Board, Sacramento, CA

Timeline for USDA Funding

Estimated Stimulus Funds Remaining*	November	December	January	February	March	April	May	June	July	August	September		
	\$1,500,000,000	\$1,350,000,000	\$1,200,000,000	\$1,050,000,000	\$900,000,000	\$750,000,000	\$600,000,000	\$450,000,000	\$300,000,000	\$150,000,000	\$0		
County	<ul style="list-style-type: none"> Complete Application Engineering Report NEPA Documents and Consultations Coastal Act Compliance Rate Study 					<ul style="list-style-type: none"> Comply with Letter of Conditions Adopt Due-Diligence Resolution Bond sale 						Issue Bid Package/ RFP	Open Bids/ Proposals
USDA			Review Application		Approve Project with Letter of Conditions/ Obligate Funds						Stimulus Funding Ends		
US Fish and Wildlife Service		Section 7 Formal Consultation											
State Historic Preservation Officer		Section 106 Formal Consultation											
Coastal Commission			Issue Coastal Development Permit										

* ARRA stimulus funds are being continuously drawn down by commitments to other projects. All ARRA funds which are not allocated by September, 2010, are returned to the U.S. Treasury.



Hand Delivery

September 8, 2009

President

Joe Sparks

Vice-President

Marshall Ochylski

Director

Chuck Cesena

Marla Kelly

Steve Senet

The Honorable Bruce Gibson, Chairperson
San Luis Obispo County Board of Supervisors
SLO County Government Center, Room D-430
San Luis Obispo, CA 93408

Subject: Appeal of the Los Osos Wastewater Treatment Project Comments of the Los Osos Community Services District

General Manager

Utilities Manager

George J. Milanés

Fire Chief

Matt Jenkins

Dear Chairperson Gibson:

The Los Osos Community Services District (District) understands that the Los Osos Wastewater Project (Project), as approved by the San Luis Obispo County Planning Commission has been appealed to the County Board of Supervisors. The District further understands that as part of the appeal process the Board of Supervisors will reconsider the entire Project, De Novo, and that the hearing is currently scheduled for late September.

The District Board of Directors has authorized the submission of the following comment to the San Luis Obispo County Board of Supervisors for its consideration at the upcoming hearing.

Introduction

The District is supportive of a Project designed to address the requirements of Regional Water Quality Control Board Resolution 83-13. The District also recognizes that Project implementation will address the current significant groundwater issues in Los Osos.

The following discussion identifies issues related to the scope of services that the District provides that should be addressed in the Board of Supervisor's consideration of the Project as mitigation measures and/or conditions of approval. These comments are in addition to those previously submitted by the District.

Offices At:

2122 9th Street

Los Osos, California 93402

Mailing Address:

P.O. Box 6064

Los Osos, California 93412

Phone 805/528-9370

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By way of background and in support of this comment letter we are appending the following:

- a. A map that depicts the services, previously provide by CSA 9, that are now provided by the District to its residents. These services include Emergency Services (Zone B) and potable water service (Zone A). (Exhibit A.)
- b. A map that depicts the boundaries of the various water purveyors within the Prohibition Zone. (Exhibit B.)
- c. A list prepared by CAL FIRE further identifies the full extent of road closures, impassable streets, dead end streets and unpaved streets in the District's service area. (Exhibit C.)

Affordability

All of the conditions of approval attached to the Project must take into account the expense to the property owners within the Prohibition Zone. The most cost effective mitigation measures must be identified and implemented to alleviate the strain of an already expensive Project. The Project must not be viewed as an opportunity to attach non-related costs to the Project at the expense of property owners within the Prohibition Zone.

Sustainability

The District is concerned about the potential removal of water from the groundwater basin. In terms of the avoidance of adverse groundwater impacts, our primary recommendation is that the Project include Title 22 § 60301.230, tertiary treatment (Tertiary Treatment). Return of treated effluent to the Los Osos groundwater compartment must take priority.

Tertiary Treatment will help the District and the other water purveyors in the community by returning sufficient treated effluent to the basin for a variety of beneficial uses and innovative disposal opportunities such as urban/agricultural exchange, in lieu, or "purple pipe" programs.

Re-Use Priorities

The currently approved Project addresses water re-use in Conditions of Approval Numbers 97 and 103 as well as the discussion included in Section 1.3.1 of the Findings for Project Modifications.

The District concurs with the intent of those conditions and the findings but believes that combining those two conditions into a single condition as follows provides a clearer expression of that intent.

97/103. Disposal of treated effluent shall be reserved for the following sites/uses:

- a. *Broderson (not to exceed 448 AFY on an average annual basis),*
- b. *Urban re-use (as identified in the Effluent Re-Use and Disposal Tech Memo, July 2008),*
- c. *Agricultural re-use overlying the Los Osos Groundwater Basin,*
- d. *Environmental reservations (not to exceed 10% of the total volume of treated effluent, and*
- e. *Other agricultural re-use within the Los Osos Groundwater Basin watershed.*

Disposal shall be prioritized to reduce seawater intrusion and return/retain water to/in the Los Osos groundwater basin. *Highest priority shall be given to replacing potable water uses with tertiary treated effluent consistent with Water Code Section 13550.*

Nothing in this condition shall preclude disposal of treated effluent in accordance with a court judgment arising from the current groundwater litigation involving the Los Osos Groundwater Basin.

No amount of treated effluent may be used to satisfy or offset water needs that result from non-agricultural development outside the Urban Reserve Line of the community of Los Osos.

Wastewater Treatment Design Flows

The District has a vested interest in the effluent design flows used to determine the capacity of the wastewater treatment facilities. The capacity at build-out must be consistent with:

- a. the most current water usage data available,
- b. the consistent application of population estimates per household service line for both existing conditions and at build-out, and
- c. a defined reduction in usage imposed for the conditions of water conservation imposed on the project.

The District has previously provided water usage numbers for the properties served by it for Fiscal Year 05-06 until the present. The District supports the use of wet-weather water usage as the basis for determining effluent design flows.

Drainage and Dewatering

Project construction may affect a large volume of natural storm water drainage. Although the Final Environmental Impact Report concludes that the proposed Project would not substantially alter the existing drainage patterns in the Prohibition Zone, any such changes identified during the design and construction process must be addressed and Low Impact Development ("LID") techniques implemented.

The Project should include conditions of approval to address construction impacts, adequate dewatering measures including the utilization of existing drainage basins throughout the Prohibition Zone, as well as other LID techniques. This measure must be included to avoid negative impacts to the upper groundwater aquifer and minimize potential impacts on marine resources.

The District proposes the following revised Condition of Approval 76b to address concerns about the use of potable water during construction of the Project and to bring this condition into conformance with the intent of Condition of Approval 111.

Use water trucks or sprinkler systems in sufficient quantities to prevent airborne dust from leaving the site. Increased watering frequency will be required whenever wind speeds exceed 15 mph. Reclaimed or non-potable water shall be used. In the event of an emergency situation, potable water may be used if the use of non-potable water is determined to be infeasible.

Emergency Services

The District continues to recommend that the County include measures in the Project to address impacts on emergency services during and after the construction of the Project.

The District believes that if the following Condition of Approval is included, that response time to emergency incidents will be significantly reduced, vehicle safety for all drivers would be increased, wear and tear on emergency service vehicles would be decreased and, in some cases, defensible space for homes and firefighters would be increased, allowing a safe area for firefighters to fight vegetation, vehicle and structural fires.

All roads within the Prohibition Zone that are impacted by the construction of the Project will be made all-weather passable. Road barricades should be permanently removed if traffic engineering considerations allow, particularly on 9th, 10th, 12th, 16th, 17th and 18th Streets.

The attached list prepared by CAL FIRE further identifies the full extent of road closures, impassable streets, dead end streets and unpaved streets in our service area that impact the provision of emergency services within the District and access by emergency vehicles that should also be addressed in the final Project approval.

Because drainage patterns will be affected by adding all-weather surfaces, drainage impacts must be addressed as discussed above.

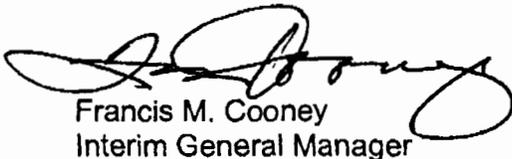
If these measures are implemented as part of the construction of the collection system, there should be no additional cost. To assure that there are no additional costs for the property owners in the Prohibition Zone, funds should be provided from County road fees, traffic impact fees, road maintenance fees.

Summary

In conclusion, we fully support measures to address the community's wastewater problems. We believe that the issues identified above are appropriate and necessary to be addressed in the County's Project. Although, the Project will have a profound impact on the community, a comprehensive and responsible approach to conditions placed on the Project will be for the betterment of the entire community.

Thank you for your consideration of the above issues in your review of the Project. We are available to meet and discuss these matters at your convenience.

Sincerely,



Francis M. Cooney
Interim General Manager

cc: Ms. Kami Griffin
Ms. Nancy Orton
Ms. Kerry Brown
Mr. Paavo Ogren
Mr. John Waddell
Mr. Mark Hutchinson
Mr. Roger Briggs
Mr. Peter Douglas ✓
LOCSD Board of Directors
File

NEW FILE
ZONES OF BENEFIT

CSA #9, ZONES OF BENEFIT

Services in Los Osos are provided primarily through County Service Area #9 (CSA #9). Within the boundaries of CSA #9, some services are provided to the entire district and others to smaller specific zones of benefit. CSA #9 zones of benefit are shown in Figure 3-2, below. Additional water service is provided by California Cities Water Company and S & T Mutual Water Company. Service areas for water supply are shown in Figure 3-4.

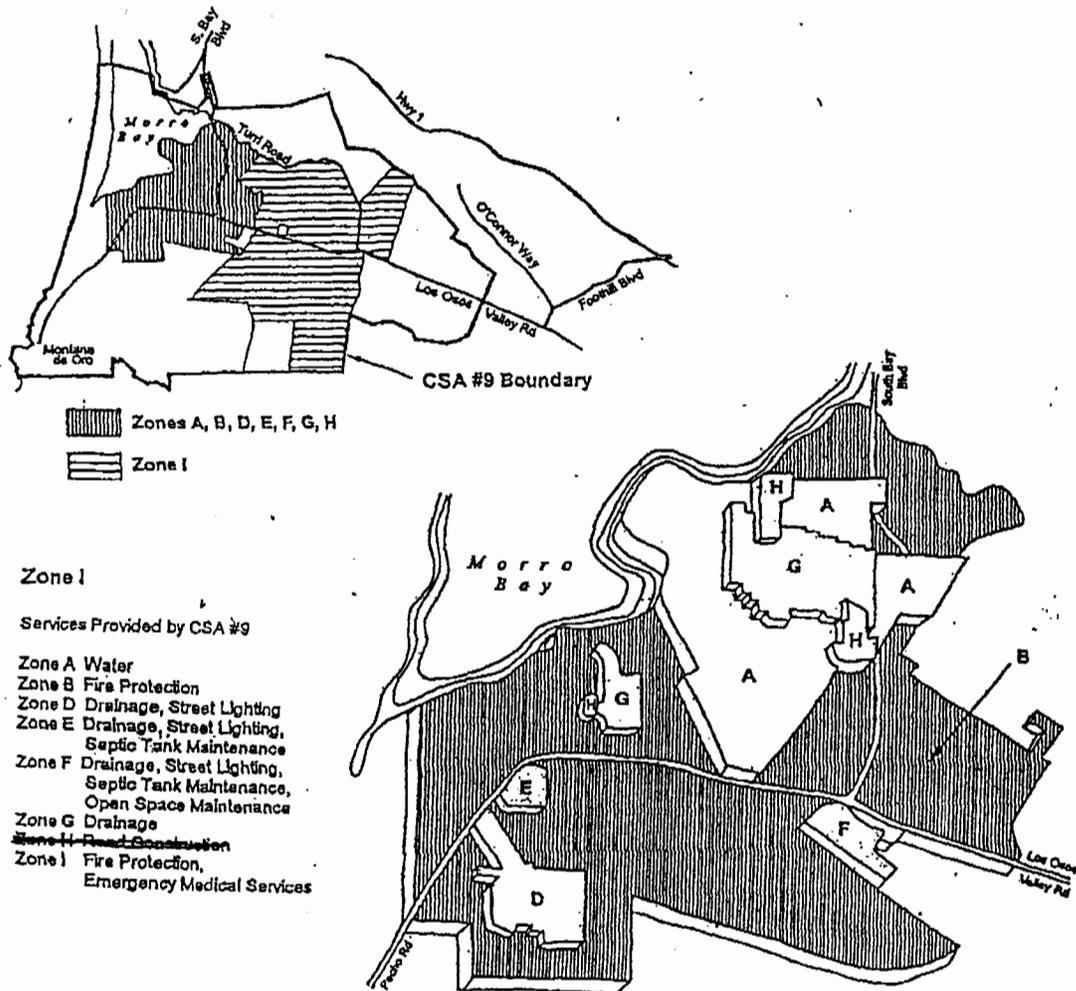


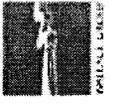
Figure 3-2 CSA #9, Zones of Benefit
Los Osos Area

EXHIBIT A

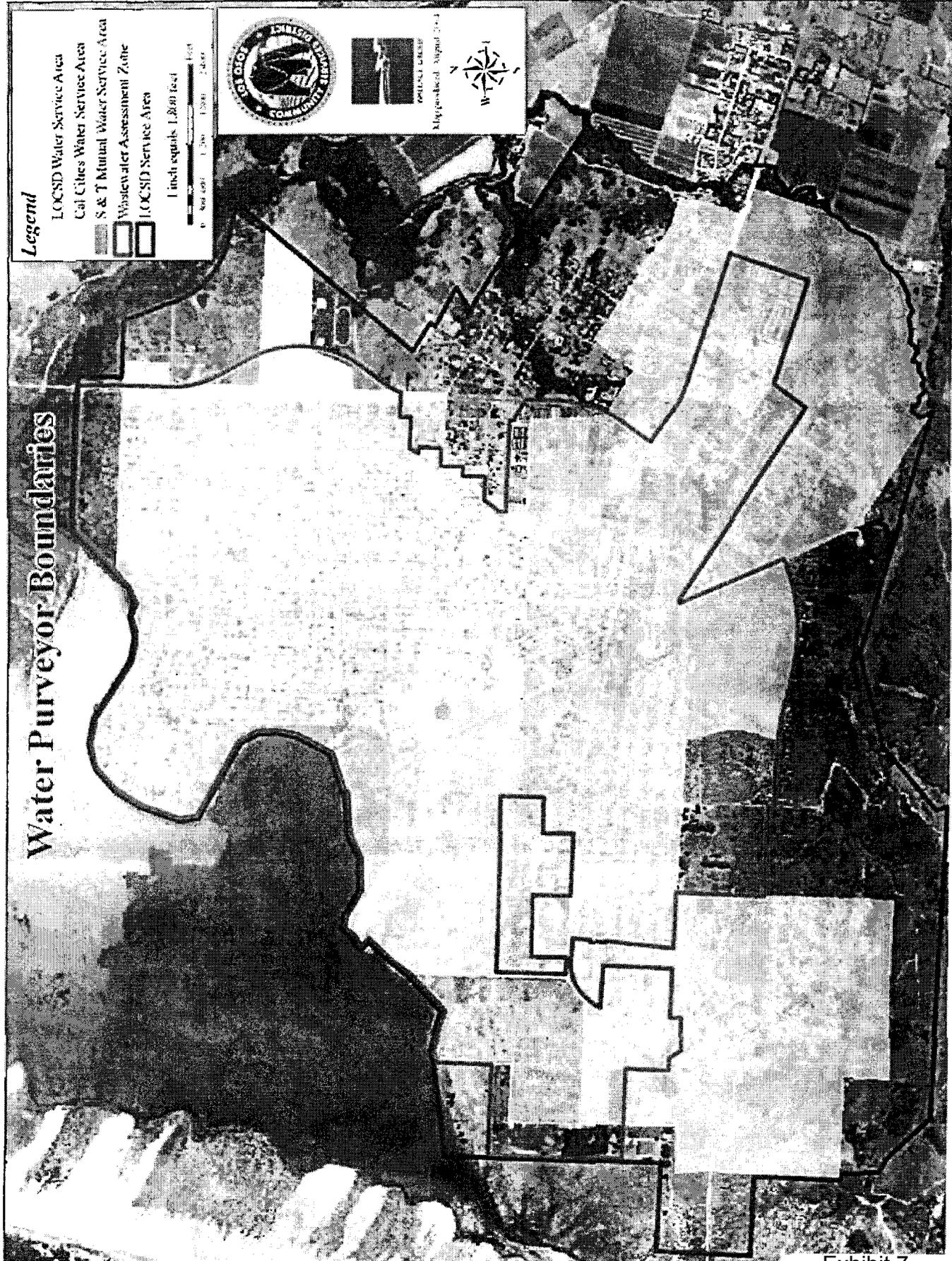
Water Purveyor Boundaries

Legend

- LOCSID Water Service Area
- Cal Cities Water Service Area
- S & T Mutual Water Service Area
- Wastewater Assessment Zone
- LOCSID Service Area



Map prepared August 2014





CAL FIRE
San Luis Obispo
County Fire Department

635 N. Santa Rosa • San Luis Obispo, CA 93405
Phone: 805.543.4244 • Fax: 805.543.4248
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Matt Jenkins, Fire Chief

March 23, 2009

Marshall Ochylski
Director-Emergency Services Advisory Committee Liaison
1458 4th Street
Los Osos, CA 93402

RE: ROAD IMPROVEMENT INFORMATION

Director Ochylski:

As requested, I am submitting a list of road closures, impassable streets, dead end streets and unpaved streets in the Los Osos Community. The information provided is by area and not necessarily in priority order.

BAYWOOD

Barrier Streets

10th between Ramona and San Luis
10th between Ramona and Pismo
9th between Pismo and Paso
12th between Pismo and Paso
8th between Santa Maria and Santa Ysabel
9th between Santa Maria and Santa Ysabel
16th between El Morro and Santa Maria
17th between El Morro and Santa Maria
18th between El Morro and Santa Maria

Impassable Streets

San Luis from 6th to 9th
San Luis from 11th to 12th
Pismo from 4th to 7th
Pismo from 15th to 16th
Paso from 3rd to 8th
Santa Maria from 12th to 13th
Santa Maria from 15th to 16th

Passable, but Not Paved

Fairchild from Los Olivos to Santa Ynez
Santa Ynez between 12th and Fairchild

7th from Nipomo to San Luis
San Luis from 12th to 13th
Ramona from 16th to South Bay
Pismo from 11th to 15th
El Morro from 16th to 18th
18th from Pismo to Paso
Santa Maria from 13th to 15th
Santa Maria from 16th to 18th

SWEET SPRINGS

Impassable Streets

Broderson from LOVR to Binscarth
Rosina from Pine to Doris
Skyline from Fearn to Nancy
Sunny Hill from Binscarth to Garden
Donna from Binscarth to Lupine

Passable, but Not Paved

Doris from Rosina to Skyline
Skyline from Fearn to Pine
Skyline from Nancy to Pecho
North Court Street, South Court Street
Aspen from Skyline to Henrietta
Sunny Hill from Henrietta to Binscarth
Nancy from Binscarth to Garden
Doris from Binscarth to Mitchell
Loma from Pine to Broderson
Broderson from Ramona to the Preserve

Add Cul de Sac

Garden at Sunny Hill

BAYVIEW HEIGHTS

Impassable

All of Calle Cordoniz
All of Clelland

Passable, but Not Paved

All of Al Serano
All of Vista del Osos
Covey from BVHD to Vista del Osos
All of Quail
All of Sea Horse

Recommendation

Staff recommends that the LOCSD work with SLO County on the following:

- Pave or make all-weather passable all roads in the Los Osos area. Even if the road is unpaved but has an all-weather surface, staff believes that the most direct route to any incident can

save valuable time during an emergency response, especially Fairchild between Los Olivos and Santa Ynez, and Santa Ynez between 12th and Fairchild.

- Remove all road barricades if safe to do so, especially on 9th, 10th, 12th, 17th and 18th Streets.
- Improve San Luis Avenue, Pismo Avenue, and Paso Robles Avenue to be passable in all types of weather. If these roads were improved, especially west of 11th Street, emergency response time may be decreased into the Baywood District.
- Make Skyline Drive passable between Fearn Avenue and Nancy Avenue to improve access to residents and eucalyptus groves.
- Make Doris Avenue passable from Los Osos Valley Road to Skyline Drive. This would result in a more direct route, thus reducing emergency response time.
- Improve drainage and pave Ramona Avenue between 10th Street and 11th Street. If Ramona Avenue were passable in winter months it would create a more direct route from the east side of Baywood and alleviate the need to circumvent this entire area.

Staff believes that if the above recommendations were completed response time to emergency incidents may be decreased and, in some cases, defensible space for homes and firefighters would be increased allowing a safe area for firefighters to fight vegetation, vehicle and structural fires.

Sincerely,

Phill Veneris

Phill Veneris
North Coast Battalion Chief
CAL FIRE/San Luis Obispo County Fire Department

Cc: Matt Jenkins, Chief
Mitch Cooney, Interim General Manager, LOCSD



California Regional Water Quality Control Board Central Coast Region



Linda S. Adams
Secretary for
Environmental
Protection

Internet Address: <http://www.waterboards.ca.gov/centralcoast>
895 Aerovista Place – Suite 101, San Luis Obispo, CA 93401-7906
Phone (805) 549-3147 • FAX (805) 543-0397

Arnold Schwarzenegger
Governor

September 25, 2009

San Luis Obispo County Board of Supervisors
1055 Monterey Street
San Luis Obispo, CA 93408

Dear Supervisors:

LOS OSOS WASTEWATER PROJECT; APPROVAL OF DEVELOPMENT PLAN/COASTAL DEVELOPMENT PERMIT, AND RESPONSE TO SAN LUIS OBISPO COUNTY STAFF'S SEPTEMBER 23, 2009 MEMORANDUM

We all appreciate the value of healthy watersheds. In order for the Los Osos watershed to be restored to a healthy state, both its groundwater and surface waters (including the Morro Bay National Estuary) need to be protected and improved. These waters have been damaged by various water and wastewater practices and are currently far from being sustainable. Seawater is intruding the lower groundwater aquifer due to overdraft conditions in the basin. Septic systems are destroying a vital and valuable portion of the upper aquifer system. Bacteria is seeping into the estuary at high concentrations. During wet weather conditions, septic system effluent surfaces in some neighborhoods creating a hazard to public health and other natural resources of the watershed.

Central Coast Water Board staff is pleased to see San Luis Obispo County taking the necessary steps to construct a sustainable wastewater project. We continue to participate and communicate with your staff as well as the public to ensure an expeditious approval and construction process. Through the planning process, and specifically the Planning Commission review, we have witnessed the proposed wastewater project evolve into a project that encompasses cutting-edge technology and sustainability concepts. While we have not yet undertaken the thorough review that will be necessary to develop waste discharge requirements for the project, we are satisfied that the project approved by the Planning Commission will provide adequate treatment for the contemplated disposal and reuse options. We do not see a need for the Board of Supervisors to further evaluate other collection or treatment technologies during your upcoming consideration of appeals of the Planning Commission's approval.

The project, as approved and conditioned by the Planning Commission, aligns with policies and vision goals of the State Water Resources Control Board and Central

California Environmental Protection Agency



Coast Water Board. We are encouraged that the Los Osos Wastewater Project will not only provide a remedy to the damage to the watershed caused by the current septic system discharges, but will also produce water that will be available for reuse (i.e., landscape and agricultural irrigation). Over the years, as the County initially attempted to develop a project, followed by the Community Services District's attempt, a basic principle has been to solve wastewater management problems while keeping the water in the basin. We anticipate that the concept of wastewater management in combination with groundwater basin management, conservation practices, and water reuse will be a template for future wastewater projects within the central coast region as well as the state.

The County's proposed wastewater project is a vital piece of the groundwater basin management puzzle and will be a giant step toward returning the groundwater basin's sustainability. According to recent studies, recycled water will provide for a 1:1 direct reduction in the current overuse of water in the groundwater basin. While this project is expensive and a financial burden for the system users, its relative cost will diminish as the true value of water continues to evolve upward in this water-short groundwater basin, region, and state. Users cannot afford to continue non-sustainable practices in the Los Osos groundwater basin, where groundwater is the only source of water for now and the foreseeable future and where a nationally recognized estuary needs to be better protected.

As we have pointed out throughout the long history of this project, we do not specify the method of compliance or the alternatives to be used for collection, treatment, or disposal. The County must meet the waste discharge requirements or WDRs¹, which require collection without spilling or leaking per industry standards, treatment of wastewater and resulting biosolids that will reliably meet discharge standards, and for any reuse, compliance with recycling requirements. While that is the simple bottom line, we have commented on various alternatives over the years to try to ensure that the County and Community Services District (CSD) were thoroughly considering potential problems and project aspects that might require improvements or mitigation. As stated above, a basic objective for this project has been to keep the water in the basin, as it has long been recognized that this basin (similar to most Central Coastal basins) is stretching thin its available supply, and is exceeding safe yield of the groundwater basin. Over the years of project development, this problem has grown more obvious and the results are more acute today than ever. Your proposed project keeps the water in the basin.

¹The Water Board has not yet established WDRs for the County's project. However, the Regional Board adopted WDRs for the CSD's project and we have no reason to recommend significant changes to requirements proposed to the Water Board for the County project.

Central Coast Water Board staff presents the following responses to San Luis Obispo County staff's September 23, 2009 memorandum requesting our concurrence for selected key issues.

General Comment

First, as stated above, we do not mandate the manner of compliance. Our jurisdiction is to regulate discharges of waste and their potential to affect the quality of waters of the state, as defined by the California Water Code. Wastewater treatment projects must be designed, constructed and maintained in consideration with the design conditions (influent characteristics, effluent quality, and discharge location). In other words, wastewater treatment plants that work for one community may not work for Los Osos. For Los Osos, the Planning Commission's project adequately addresses the primary goal of the Los Osos Wastewater Treatment Project (LOWWP): elimination of pollution of the upper groundwater aquifer due to the continued use of antiquated and inadequate septic systems. Furthermore, County staff has proposed a wastewater treatment project that is consistent with state and federal requirements and policies and has undergone a rigorous public review process.

Treatment

The effectiveness of treatment systems depends on site conditions, wastewater characteristics, and day-to-day operations and maintenance. Below, Central Coast Water Board staff compares extended aeration to facultative ponds using the following five categories: nitrification and denitrification, total suspended solids removal, odor nuisance, sludge management, and other water quality and energy consumption factors.

Extended Aeration

The Central Coast Water Board regulates many wastewater facilities that utilize extended aeration. We concur with County staff's selection of extended aeration. County staff's evaluation is consistent with industry standards² as well as our overall experience with the technology as used in many local communities.

² U.S. Environmental Protection Agency Document No. EPA 832-F-02-008, September 2002, Wastewater Technology Fact Sheet – Aerated, Partially Mixed Lagoons. U.S. Environmental Protection Agency Document No. EPA 832-F-02-014, September 2002, Wastewater Technology Fact Sheet – Facultative Lagoons. U.S. Environmental Protection Agency Document No. EPA 832-F-02-007, September 2002, Wastewater Technology Fact Sheet – Sewers, Conventional Gravity. U.S. Environmental Protection Agency Document No. EPA 625-R-00-008, September 2001, Wastewater Technology Fact Sheet – Continuous-Flow, Suspended-Growth Aerobic Systems. U.S. Environmental Protection Agency Document No. EPA 832-F-02-006, September 2002,

Facultative Pond Systems

Facultative ponds are also used throughout the Central Coast region. We understand that County staff carefully evaluated the use of this technology for the LOWWP and found that this technology was not appropriate. The Planning Commission agreed. In our experience, wastewater treatment facilities that utilize this treatment technology have compliance problems. The Water Board has taken enforcement actions against these facilities due to noncompliance with effluent limitations. In many cases, the noncompliance was attributed to poor management of the ponds, seasonal fluctuations and turnovers, and inadequate treatment capability.

Extended Aeration Ponds / Facultative Ponds Comparison

The following table compares the two treatment technologies.

Treatment Technology Comparison

	Extended Aeration	Facultative Ponds
Nitrification and Denitrification	This treatment technology has a higher capacity to nitrify and denitrify without any ancillary facilities. In most cases, extended aeration may reduce the amount of nitrogen below 7 milligrams per liter. These extended aeration units are seldom affected by temperature, as they have an increased detention time which allows stabilization and increased treatment efficiency. Furthermore, these treatment facilities may be modified to include an anoxic zone, which will allow increased denitrification, thus decreasing the amount of nitrate in the effluent.	A facultative pond can moderately nitrify wastewater. However, nitrification is dependent on adequate management of the pond, aeration, mixing, consistent influent flow, consistent organic loading, and detention time. Temperature fluctuations will affect the nitrification process. Facultative ponds do not significantly denitrify and will require a separate denitrification facility to meet nitrate concentration limits .
Total	Well-operated extended	In most cases, these systems

Wastewater Technology Fact Sheet –Sewers, Pressure. Metcalf and Eddy, *Wastewater Engineering, - Treatment, Disposal, and Reuse*, Third Edition, 1991.

<p>Suspended Solids (TSS) Removal</p>	<p>aeration units can achieve TSS concentrations ranging from 15 to 60 mg/L. High biomass systems achieve TSS concentrations ranging from 5 to 40 mg/L.</p>	<p>have an inability to adequately remove TSS and do not consistently attain 30 mg/L. Inconsistent TSS removal may lead to inefficient tertiary treatment.</p>
<p>Odor Nuisance</p>	<p>This treatment technology yields little to no odor. Odors are produced by decomposition and off-gassing from settled sludge. However, these treatment facilities typically allow for complete mixing, which keeps the solids suspended with little to no settleable solids.</p>	<p>If the top aeration layer is not maintained, odor issues may result. Seasonal algal growth and decay may also increase odors as well as vectors.</p>
<p>Sludge Management</p>	<p>It is important that suspended solids be in contact with the wastewater, which requires complete mixing of the channels. Solids are managed through waste activated sludge (WAS) removal. WAS percent removal is typically determined by treatment quality and aeration tank conditions. The WAS is removed, dewatered, and hauled from the site.</p>	<p>In general, less sludge is produced. In colder climates sludge accumulation will increase due to low microbial activity. Settled sludge may require more frequent removal.</p>
<p>Compliance with Effluent Limitations</p>	<p>Extended aeration facilities have superior treatment capability, which allows the discharge to comply with effluent limitations. Treatment efficiency of these systems is consistent and rarely affected by seasonal fluctuations. High removal of toxic organics and heavy metals.</p>	<p>Facultative ponds typically experience increased pH concentrations during the summer months. Seasonal pond turnover may increase TSS and turbidity in the effluent. A separate denitrification facility may be needed to meet effluent limitations.</p>

According to the industry standards footnoted on Page 3, both systems have advantages and disadvantages. Fundamentally, effectiveness of both systems is highly dependent on adequate operations and maintenance.

Facultative ponds may have higher operational costs due to their sensitive nature and their dynamic fluctuations throughout the year. The Los Osos Valley is prone to cooler conditions through a large part of the year. The cooler conditions may render facultative ponds inefficient with respect to suspended solids removal, nitrification, and sludge accumulation. Furthermore, more land area is required for a facultative pond system than for extended aeration. We would anticipate that the County design a redundant system to allow for maintenance and emergency operations. Finally, the primary goal of the LOWWP is compliance with Resolution No. 83-13 and to alleviate groundwater contamination of nitrate due the use of septic systems. A facultative system will have to include a process for denitrification to meet waste discharge requirements. Because facultative ponds do not denitrify, the County would have to propose a separate denitrification unit, which would have additional cost, operational, land area, and energy implications.

Extended aeration systems pose a lesser operational burden when compared to facultative pond systems. Additional benefits include increased nitrification and denitrification, which would satisfy the primary goal of the project and future waste discharge requirements. Although we would expect redundancies in an extended aeration system, it would be less land intensive. According to the Planning Commission's approved LOWWP, the treatment plant site will be closer to residential populations and public use areas. Therefore, odor control will be more important. Extended aeration systems have little to no odor as compared to a facultative ponds system.

Collection

We understand that the project approved by the Planning Commission includes a hybrid gravity system. There has been considerable debate about what type of collection system is appropriate for this project, much of it centered on traditional gravity systems vs. septic tank effluent pump (or STEP) systems. The success of any system, much like a treatment system, is dependent on adequate operations and maintenance, design, sizing, and installation, among other elements. Furthermore, both systems would be subject to regulations contained in the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (General Permit No. 2006-0003-DWQ or General WDR). The General WDR requires the owner/operator of the collection system to develop a management plan, which includes routine maintenance, emergency response, and reporting. In order to compare the two systems, Central

Coast Water Board staff used three categories: maintenance and operation, solids handling, and exfiltration.

Gravity Collection Systems

Conventional gravity collection systems have been used for years throughout the country and procedures for their design are well established. The Planning Commission approved a hybrid gravity collection system, which includes traditional gravity collection lines with low-pressure grinder pumps for low-lying areas. In our experience, we have municipalities with gravity collection systems that successfully transport sewage to the wastewater treatment plant and others that remain problematic.

As one might expect, those systems that are much older have more problems and require more maintenance. Some portions of systems in Central Coast Region municipalities are more than a century old, and were not built with today's standards or materials. The fact that these older portions of systems continue to function as well as they do is testament to the efficacy of the concept. Successful gravity collection system programs incorporate a combination of appropriate operations, maintenance, capital improvement, prioritization, and routine collection systems integrity assessments. All of these elements are required as part of the General WDR program for collection system management.

Septic Tank Effluent Pump (STEP) Systems

STEP systems were also considered for use in the LOWWP, but were not chosen in the approved project. STEP systems differ from conventional gravity collections systems because they break down large solids in the pump tank prior to discharge into the collection lines to the wastewater treatment plant. Our experience with STEP systems is limited as most of the collection systems within our region are traditional gravity systems. However, we understand that these systems can have higher energy demands and maintenance burdens compared to a traditional collection system. According to industry standards footnoted on Page 3, disadvantages include maintenance agreements, costs for operation and replacement parts, increased maintenance, increased energy demand, and short-term reliability.

Gravity Collection Systems and STEP System Comparisons

The following table compares the two collection system technologies.

Collections System Comparison

	Gravity System	Collection	STEP System
Maintenance and Operations	Gravity systems	collection require	Each pump tank will have mechanical components that

	<p>moderate maintenance, which would be regulated by the General WDR for collections system management. Maintenance would require a maintenance district, but would most likely not require maintenance agreement with each of the individual residents. The County would have to develop a capital improvement project prioritization schedule for collection system segments that are found to be inadequate. These assessments will be required as part of the General WDR.</p> <p>Grinder pump installations do not require maintenance of a septic tank and have a much smaller footprint (important for Los Osos' typically small lots).</p>	<p>require frequent maintenance. In some cases, municipalities that utilize STEP systems establish maintenance districts that service these systems. Power outages could be an issue as they may increase the potential for sanitary sewer overflows if the STEP tank is not equipped with an alternative power source. Life cycle replacement costs for STEP systems include the short life cycle of the pumps.</p>
<p>Solids Transport</p>	<p>Gravity collection systems rely on slope and sound engineering to transport solids and grit. Depending on the County's collection system management plan, routine cleaning would be needed.</p>	<p>Solids accumulation in STEP tank is a major consideration. Sludge accumulates at the bottom of the tank and undergoes some anaerobic digestion. Solids need to be removed periodically. Solids removal through the use of the STEP tank reduces the wastewater strength thus improving the wastewater influent into the treatment plant. However, the removal of solids</p>

		can impact the overall treatment system as many secondary treatment technologies (facultative ponds and extended aeration) would require increased aeration and an additional carbon source for efficient wastewater treatment.
Exfiltration	Gravity collection systems are sealed in accordance with industry standards. Exfiltration from new gravity collection lines is generally minimal. Ongoing maintenance and integrity assessment will be required to identify, manage, and repair leaks.	Watertight tanks could ensure minimal leakage of sewage and therefore, exfiltration may not occur. However, routine tank integrity inspections will be required to ensure minimal leakage and longevity of the STEP system.

From a water quality perspective, both systems appear to be feasible to design and implement. The main water quality issues regarding STEP systems are the lower oxygen and carbon concentrations delivered to the treatment plant. If STEP systems were used in the LOWWP, we would anticipate needing a carbon source amendment to the treatment plant, which has chemical addition and cost implications. Speaking of carbon, AB 32, California's Global Warming Solutions Act was signed by the Governor in September 2006, to ultimately reduce California's greenhouse gas emissions by 25 percent by 2020. Your project's carbon footprint analysis is important in accomplishing a project that will be consistent with AB 32, and your consideration in particular of increased emissions from a STEP system as compared to a gravity collection system is on target.

Sludge Handling

Sludge removal is a component of any wastewater treatment operation. Our waste discharge requirements will address sludge removal. More specifically, the Code of Federal Regulations, Title 40, part 503 discusses approved methods for disposal of sludge. Any sludge removed from the LOWWP will be subject to these regulations.

Expected Sludge Amount

As discussed in the treatment technology comparison, we anticipate that a facultative pond system will generate less sludge, provided that the facultative pond operates as designed. Anaerobic digestion in the lower layer of the pond must occur at a rate that will allow for consistent reduction in sludge amount. According to industry standards footnoted on Page 3, optimal facultative pond efficiency would result in the removal of sludge approximately every 20 years. However, these treatment processes are highly dependent on temperature, pH, and carbon source. As discussed previously, colder temperatures in the Los Osos Valley could hinder the treatment process and therefore reduce the amount of anaerobic digestion. This would lead to increased accumulated sludge and increased sludge removal. Facultative ponds are also susceptible to pH increases due to algal growth and low dissolved oxygen in the summer months. This phenomenon may also lead to reduced functionality of the pond's efficiency and anaerobic digestion.

On the other hand, extended aeration systems typically generate more waste sludge. Extended aeration systems utilize two types of sludge: return activated sludge (RAS) from the secondary clarifier and waste activated sludge (WAS). The system utilizes a balance of both RAS and WAS to maintain adequate treatment in the extended aeration system. The percentages of both RAS and WAS are calculated based on daily analysis of extended aeration efficiency. However, extended aeration units are consistent in their ability to treat wastewater despite external factors (e.g., temperature).

A STEP collection system will also generate sludge. Sludge pumped from tanks will either have to be treated at the wastewater treatment plant or hauled to another appropriate facility.

In summary, the project approved by the Planning Commission will satisfy water quality goals and be able to meet requirements. We encourage the County to accept the project approved by the Planning Commission.

If you have any questions, please feel free to contact me at (805) 549-3140.

Sincerely,



Roger W. Briggs
Executive Officer

cc: Paavo Ogren, Director of Public Works

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Staff Note: Additional correspondence received is available for review in the Coastal Commission's Central Coast District Office in Santa Cruz:

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