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Staff: Ryan Moroney - SC
Staff Report: 8/28/2026
Hearing Date: 9/9/2026

STAFF REPORT SUBSTANTIAL ISSUE DETERMINATION ONLY

Appeal Number: A-3-SLO-26-0017

Applicant: Cambria Community Services District (CCSD)

Appellants: Karin Argano, Elizabeth Bettenhausen, Tina Dickason, Christine Heinrichs, Clyde Warren, Mary Webb

Local Government: San Luis Obispo County

Local Decision: Coastal development permit application number DRC2013-00112 approved by the San Luis Obispo County Board of Supervisors (on local appeal) on June 16, 2026.

Location: 990 San Simeon Creek Road, between the unincorporated communities of San Simeon and Cambria in San Luis Obispo County, and adjacent to State Parks' San Simeon Creek Campground (APNs 013-051-008 and -024).

Project Description: Recognition and authorization of the Water Reclamation Facility (previously approved for temporary authorization via a County emergency CDP). The CDP recognizes the previous ECDP work, including the construction of an Advanced Water Treatment Plant (AWTP) capable of tertiary treatment, with such infrastructure sited within six shipping containers (each approximately 15 feet high) atop concrete pads and totaling an area of approximately 100 feet by 170 feet; four monitoring wells and a recharge injection well and associated pipelines; access, driveway, and related improvements; and brine evaporation pond with a leachate collection system, all with modifications moving forward including the conversion of the evaporation pond back to an

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unlined pond and restored with native plants; installation of a Zero Liquid Discharge (ZLD) facility or brine storage tanks; and extension of the San Simeon Creek Lagoon Surface Discharge pipeline.

Staff Recommendation: No Substantial Issue

IMPORTANT HEARING PROCEDURAL NOTE

Please note that this is a substantial issue only hearing, and testimony will be taken *only* on the question of whether the appeal raises a substantial issue. Such testimony is generally limited to three minutes total per side (although the Commission's Chair has the discretion to modify these time limits), so please plan your testimony accordingly. Only the Applicant, persons who opposed the application before the local government, the local government, and their proxies/representatives are allowed to testify during this substantial issue phase of the hearing. Other interested parties may submit comments in writing. If the Commission finds that the appeal raises a substantial issue, then the Commission takes jurisdiction over the underlying coastal development permit (CDP) application and will then review that application at a future Commission meeting, at which time all persons are invited to testify. If the Commission finds that the appeal does *not* raise a substantial issue, then the local government CDP decision stands, and is thus final and effective.

SUMMARY OF STAFF RECOMMENDATION

Cambria is a community of roughly 6,000 residents along San Luis Obispo County's north coast, halfway between San Francisco and Los Angeles. The community is entirely reliant on water from the San Simeon Creek and Santa Rosa Creek aquifers, which are relatively shallow and porous, and susceptible to significant declines during periods of drought. With the frequency and uncertainty associated with droughts and a potentially drier climate (and the general need to retain more water in both creek systems for habitat purposes), CCSD has sought for decades to add more water supply to its overall system, which serves as the backdrop for the County-approved project.

San Luis Obispo County originally approved the Emergency Water Supply Project (EWSP) on an emergency basis pursuant to an emergency coastal development permit (ECDP) in May 2014 in response to an extreme drought. Specifically, 2013 was California's driest year since record keeping began in 1849, and total rainfall in Cambria was approximately 80 percent of the minimum rainfall needed to fully recharge the two coastal stream aquifers that are the sole water supply for Cambria. By September 2013, CCSD staff estimated there was a two-to-three-month supply of water remaining. Construction of the EWSP commenced in August 2014, and the plant became operational in January 2015, and was utilized in 2015 and 2016. It has not run since December 2016, both because of operational challenges as well as the fact that it was only permitted to operate in extreme drought conditions.

The purpose of the EWSP was to augment water supply with a new desalinated source during this emergency drought condition only, with the hope that it could be shown to potentially successfully serve as a longer-term more sustainable source in the future. However, that goal did not come to fruition. The EWSP raised considerable environmental concerns, including from Commission staff at that time, about potential sensitive habitat impacts from both the siting of the facilities themselves as well as from the pumping of ground/surface waters that is typically related to desalination projects, particularly one built on an expedited timeline without adequate review. There were also questions about whether other less potentially environmentally damaging alternatives

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could be deployed that would better serve as a bridge between the drought conditions and more normal, wetter time periods. In the intervening years, CCSD evaluated other project permutations that could address its water supply shortages. After nearly a decade of study since, CCSD proposed and the County approved the project subject to this appeal, which both serves as the required follow-up authorization for the EWSP, and to authorize a new project moving forward.

Specifically, the County-approved project converts the infrastructure associated with the EWSP into a Water Reclamation Facility (WRF). A mix of groundwater, brackish surface water, and secondarily treated effluent from the lower San Simeon Creek aquifer will be pumped from a well and treated at the Advanced Water Treatment Plant (AWTP). About 425 gallons per minute will be tertiary treated, including removal of chlorides, and then pumped and injected back into the aquifer just downstream from the CCSD's existing potable water supply wells on San Simeon Creek. The intent is to essentially add more fresh water into the groundwater system to retain the positive gradient and keep seawater from migrating upstream and affecting the CCSD's potable water wells. In addition, about 100 gallons per minute of treated and dechlorinated water will separately be pumped downstream and discharged into the San Simeon Creek lagoon to maintain habitat function and water quality there. Put another way, CCSD states that the project is meant to make the existing system more efficient rather than adding new desalinated supply like the EWSP sought to, and will therefore only serve existing users and is not designed for growth inducing expansion. In addition, and to address the EWSP's problems associated with the brine evaporation pond, that pond will be restored to natural habitat, including removal of the liner system built for brine disposal. Instead, the County's approval authorizes the construction and operation of either a Zero Liquid Discharge¹ facility or brine disposal tanks for offsite treatment and disposal. The WRF would operate up to 24 hours per day, 5 days per week, for no more than 7 months per year during the dry season, depending on precipitation and groundwater levels.

All told, the project's physical footprint is about 4.5 acres, inclusive of the AWTP, ZLD facility, and associated wells, pipelines, and access roads. It also totals about 3.6 acres of restoration of the former brine pond to natural habitat, and placement of about 4 acres of riparian vegetation and upland habitat into a protective open space easement. The project also includes requirements for monitoring and management of WRF operations, including via the preparation and implementation of an Adaptive Management Plan to guard against any potential adverse water quality and habitat impacts and to modify project operations accordingly.

Six appeals were filed in response to the County approval. While each appeal raises its own specific reasons for opposition related to the County's approval, the contentions generally suggest the project will adversely affect ESHA and sensitive creek environments inconsistent with the LCP. However, after reviewing the local record,

¹ The ZLD is a new technology that greatly reduces the liquid portion of the produced brine. The technology is promising but relatively untested at scale, and while the CCSD has indicated that that is the preferred brine disposal element, the County's approval also authorizes storage tanks for offsite trucking and disposal at an appropriately licensed/regulated water treatment plant for proper disposal should the ZLD be determined to be infeasible.

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Commission staff recommends that the Commission find that the County's CDP approval does not raise a substantial issue with respect to the project's conformance with the County LCP.

As noted, the project as approved by the County is one that has been subject to debate, discussion, and refinement by the CCSD in response to comments, concerns, and suggestions made by members of the public, applicable resource regulatory agencies, and Commission staff for over a dozen years. And while it is very true that many of these entities – particularly Commission staff – raised considerable questions about coastal resource impairment and LCP conformance problems during this time, those concerns were focused on the EWSP and other potential large scale desalination projects being considered. For a relatively small community of only about 6,000 residents, and one where these potential infrastructure options are being proposed in significant habitat areas, a large scale desalination or similar drinking water supply project raised significant questions that regulatory agencies and community members were rightfully concerned about.

However, the project that was ultimately approved by the County and subject to this appeal is one that has been substantially modified. The end result is the project as approved by the County, one that can best be understood as a relatively minor water supply protection project rather than any significant water supply augmentation project. This project's purpose is to guard against sea water intrusion and other adverse water quality impairments in the groundwater aquifer and upper lagoon to keep it operational for existing uses and users. It does not propose any new supplies or change extraction limits (which are governed by other existing CDPs and would need modification to change such extraction limits), does not propose expansion of its service boundaries, and does not propose to serve new development. As such, appeal contentions raising such issues, including questions regarding growth inducement and new development, while clearly are still important and germane for the community more broadly, are not at play here and do not raise a substantial LCP conformance problem for this particular project.

As for potential WRF impacts, including on ESHA and water quality that are offered such high protection under the LCP, a few things should be noted. The first is that there are essentially two such impacts at play here that require evaluation: the first is the project's physical siting itself, including the WRF, ZLD, and associated pipelines; and the second is the potential impact that groundwater extraction and subsequent discharge and reinjection could have on water quality and the creek's riparian habitats.

On the former, the project includes about 400 feet of pipeline in riparian ESHA and about 4.45 acres of other infrastructure (the WRF and ZLD buildings themselves, associated wells, access roads, etc.) in what the LCP would categorize as terrestrial ESHA. While normally only uses dependent on such habitat resources are permissible in ESHA (e.g., habitat restoration, nature study, etc.), this particular LCP sets up a framework to potentially allow for essential public infrastructure in otherwise protected lands (e.g., ESHA, agricultural land) when certain findings are made. The LCP recognizes that these lands are meant for protection first and foremost, but also

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balances such protection with the need to also potentially allow critical infrastructure that serves the public interest.

The County found that the project met the LCP's tests, including since the project necessarily needed to be located in these habitat areas because that's where the CCSD's existing water infrastructure is located, as well as the fact that the intake well, pipelines, and reinjection well similarly need to be located within, or at least close to, this habitat area in order for them to serve their intended protection functions. The Commission recognizes that these are reasonable conclusions to make regarding the proper siting of this type of critical public infrastructure. In fact, Dr. Pausch opines that the project locates most of its structural elements outside of the most sensitive locations such as within the creek itself and its riparian habitat. Unavoidable project impacts will also be appropriately mitigated, including via over 7 acres of habitat mitigation.

In terms of the second potential impact on fisheries, water quality, and overall creek health, several things should be noted. The first is that the CCSD and County firmly believe that the project is a positive for creek resources. The project will only draw groundwater during the dry season when surface water flows are lowest or nonexistent, with hydrogeologic modeling showing that doing so will not adversely affect surface water flows. The project will take compromised water, clean it, and then add it back to the groundwater and lagoon systems, with the end result being more clean water in the overall system. The project also has ancillary benefits of keeping San Simeon Creek's groundwater resources flush with additional tertiary treated clean water injected into its aquifer to avoid seawater intrusion, and thereby reducing the need/demand on Santa Rosa Creek's extractions. Dr. Pausch similarly concludes that the project should not adversely impact creek resources.

However, to be clear, while these assessments are made by qualified professionals, they are based on the best available modeling and science, not on empirical evidence based on actual project operation over multiple years. As such, and consistent with typical best practices for these types of potentially impactful public infrastructure projects, the County's approval requires the preparation of an Adaptive Management Plan, or AMP. The purpose of the AMP is to monitor, study, and adapt the project to changing conditions, including to track any potential concerns with the goal of avoiding them in the first place, up to and including ceasing operations as a worst case scenario. The AMP also includes detailed parameters regarding independent third-party monitoring and oversight, including the creation of a Technical Advisory Committee (TAC), comprised of members of the Coastal Commission, California State Parks, California Department of Fish and Wildlife, San Luis Obispo County, and Upper Salinas-Las Tablas Resource Conservation District, to review data and information regarding water quality and creek health. The TAC is tasked with making recommendations for better management, which are then required to be implemented by CCSD. Thus, the Commission and other applicable resource agencies have enforceable tools to make sure project effectiveness, impacts, and changes are reported and enforceable. The Commission's technical experts reviewed the updates to the AMP's monitoring and adaptive management protocols with CCSD staff, and believe the AMP's focus on monitoring, reporting, and making changes as suggested by qualified resource

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professionals ensures the project will address any problems should they arise. As such, and again, while the appellants raise valid questions as to potential project impacts, staff recommends the Commission find the project to not raise a substantial LCP conformance issue.

In sum, this project has a long history, and previous iterations of it, particularly the initial EWSP project as approved via ECDP by the County in 2014, did indeed raise some significant coastal resource concerns. However, the project as approved by the County has been substantially modified over the years in response to those concerns, and generally should be understood to protect existing water supplies and groundwater health, mitigate for unavoidable ESHA impacts, and include significant monitoring and management – with Commission oversight – to ensure same over time. The end result is a project that does not raise any substantial LCP conformance concern related to ESHA, water quality, and sensitive habitat protection.

As a result, staff recommends that the Commission determine that the appeal contentions do not raise a substantial LCP conformance issue, and that the Commission decline to take jurisdiction over the CDP application for this project. The single motion necessary to implement this recommendation is found on page 9 below.

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EXHIBITS

- Exhibit 1 – Project Site Map
- Exhibit 2 – Project Site Images
- Exhibit 3 – County Final Local CDP Action Notice
- Exhibit 4 – County Approved Project Plans
- Exhibit 5 – Project Adaptive Management Plan, updated August 2026
- Exhibit 6 – Appeals of County CDP Decision
- Exhibit 7 – Cambria Community Services District Long-term Water Facility Project Site ESHA Determination; January 15, 2019

CORRESPONDENCE

1. MOTION AND RESOLUTION

Staff recommends that the Commission determine that no substantial issue exists with respect to the grounds on which the appeal was filed. A finding of no substantial issue would mean that the Commission would not take jurisdiction over the underlying CDP application for the proposed project and would not conduct further hearings on this matter, and that the local government CDP decision stands and is thus final and effective. To implement this recommendation, staff recommends a yes vote on the following motion which, if passed, will result in the recommended no substantial issue finding. If the motion fails, then the Commission will have instead found a substantial issue and will instead take jurisdiction over the subject CDP application for future hearing and action. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion: *I move that the Commission determine that Appeal Number A-3-SLO-26-0017 **raises no substantial issue** with respect to the grounds on which the appeal has been filed under Section 30603, and I recommend a **yes** vote.*

Resolution to Find No Substantial Issue. *The Commission finds that Appeal Number A-3-SLO-26-0017 does not present a substantial issue with respect to the grounds on which the appeal has been filed under Section 30603 of the Coastal Act regarding consistency with the certified Local Coastal Program and/or the public access and recreation policies of the Coastal Act.*

2. FINDINGS AND DECLARATIONS

A. Project History, Location, and Description

Cambria is a community of roughly 6,000 residents along San Luis Obispo County's north coast, halfway between San Francisco and Los Angeles. The community is entirely reliant on water from the San Simeon Creek and Santa Rosa Creek aquifers, which are relatively shallow and porous, with the groundwater levels typically recharged during the rainy season. With pumping and during a regular wet/dry season weather pattern, groundwater levels generally exhibit a consistent pattern of high levels during the wet season, steady decline during the dry season, and rise again when the wet season resumes. To minimize potable groundwater losses and help augment the groundwater system, secondarily treated wastewater effluent from CCSD's wastewater treatment plant located near the mouth of Santa Rosa Creek is pumped about two miles upcoast to percolation ponds at the San Simeon Creek aquifer. These ponds are located downstream from CCSD's main water supply production wells. This practice serves to help prevent saltwater intrusion from affecting the freshwater aquifer. If the groundwater level drops too far, treated effluent and seawater could migrate toward the upstream water supply wells, deteriorating the water quality and potentially rendering the freshwater non-potable. CCSD operations thus aim to maintain a positive differential between the up-gradient groundwater levels at its potable well field and the down-gradient wastewater effluent percolation ponds. However, this practice doesn't always last, particularly during times of drought and into the late dry season, when San Simeon

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Creek wells do not meet applicable water quality standards, and thus the CCSD must switch to pumping at its Santa Rosa Creek water wells. With the frequency and uncertainty associated with droughts and a potentially drier climate (and the general need to retain more water in both creek systems for habitat purposes as explained more in this report), CCSD has sought for decades to add more water supply to its overall system, which serves as the backdrop for the County-approved project.

The project is located at 990 San Simeon Creek Road, between the communities of Cambria and San Simeon and is adjacent to San Simeon Creek where it outlets to the Pacific Ocean. To the east and south is Hearst San Simeon State Park and to the west is San Simeon Creek Campground and the Pacific Ocean. To the north is agricultural grazing land. The majority of the proposed project was built in 2014 as part of an emergency CDP approved by the County. At that time, the state was in the grips of a several year long severe drought that left the community's groundwater aquifers nearly completely parched. In fact, CCSD declared a water shortage emergency and claimed that if nothing were done, the community could quite literally run out of potable water and need to rely on bottled/trucked in water sources.

In response, CCSD proposed what it called the Emergency Water Supply Project (EWSP), which included construction of a temporary desalination plant and associated infrastructure and conversion of a roughly 3 acre CCSD-owned water pond into a brine discharge pond (also referred to as the Van Gordon Reservoir). The purpose of the plant was to augment water supply with a newly desalinated source during this emergency drought condition only, with the hope that it could be shown to potentially successfully serve as a longer-term more sustainable source in the future. However, that goal did not come to fruition. The EWSP raised considerable environmental concerns, including from Commission staff at that time, about potential sensitive habitat impacts from both the siting of the facilities themselves as well as from the pumping of ground/surface waters that is typically related to desalination projects, particularly one built on an expedited timeline without adequate review. There were also questions about whether other less potentially environmentally damaging alternatives could be deployed that would better serve as a bridge between the drought conditions and normal, wetter time periods. Ultimately, the CCSD went ahead with the EWSP, but it unfortunately did result in significant environmental problems, particularly related to brine disposal and associated water quality impairments from the brine evaporation pond. In 2017, the Central Coast Regional Water Quality Control Board issued a cease and desist order to shut EWSP operations. It has remained inoperable since, while CCSD evaluated other project permutations that could address its water supply shortages. After nearly a decade of study since, CCSD proposed and the County approved the project subject to this appeal, which both serves as the required follow-up authorization for the EWSP, and to authorize a new/revised project moving forward.

Specifically, the County-approved project converts the infrastructure associated with the EWSP into a Water Reclamation Facility (WRF). A mix of groundwater, brackish surface water, and secondarily treated effluent from the lower San Simeon Creek aquifer will be pumped from a well and treated at an Advanced Water Treatment Plant (AWTP). About 425 gallons per minute will be tertiary treated, including removal of chlorides, and then

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pumped and injected back into the aquifer just downstream from the CCSD's existing potable water supply wells on San Simeon Creek. The intent is to essentially add more fresh water into the groundwater system to retain the positive gradient and keep seawater from migrating upstream and affecting the CCSD's potable water wells. In addition, about 100 gallons per minute of treated and dechlorinated water will separately be pumped downstream and discharged into the San Simeon Creek lagoon to maintain habitat function and water quality there. CCSD states that the project is meant to make the existing system more efficient rather than adding new desalinated supply like the EWSP sought to, and will therefore only serve existing users and is not designed for growth inducing expansion. In addition, and to address the EWSP's problems associated with the brine evaporation pond, that pond will be restored to natural habitat, including removal of the liner system built for brine disposal. Instead, the County's approval authorizes the construction and operation of either a Zero Liquid Discharge (ZLD)² facility or brine disposal tanks for offsite treatment and disposal. The WRF would operate up to 24 hours per day, 5 days per week, for no more than 7 months per year during the dry season, depending on precipitation and groundwater levels.

All told, the project's physical footprint is about 4.5 acres, inclusive of the AWTP, ZLD facility, and associated wells, pipelines, and access roads. It also totals about 3.6 acres of restoration of the former brine pond to natural habitat, and placement of about 4 acres of riparian vegetation and habitat into a protective open space easement. The project also includes requirements for monitoring and management of WRF operations, including via the preparation and implementation of an Adaptive Management Plan to guard against any potential adverse water quality and habitat impacts and to modify project operations accordingly.

See **Exhibit 1** for a location map, see **Exhibit 2** for photographs of the site and surrounding area, and see **Exhibit 4** for the approved project plans.

B. San Luis Obispo County CDP Approval

On February 26, 2026 the San Luis Obispo County Planning Commission approved a CDP for the proposed project. The Planning Commission approval was appealed by the current Appellants to the Board of Supervisors which, after deliberation, upheld the approval and denied the appeals on June 16, 2026. The County's Final Local CDP Action Notice (see **Exhibit 3**) was received in the Coastal Commission's Central Coast District Office on June 30, 2026, and the Coastal Commission's ten-working-day appeal period for this action concluded at 5 p.m. on July 14, 2026. Six valid appeals (discussed below) were received during the appeal period.

C. Appeal Procedures

Coastal Act Section 30603 provides for the appeal to the Coastal Commission of certain CDP decisions in jurisdictions with certified LCPs. The following categories of local CDP

² The ZLD is a new technology that greatly reduces the liquid portion of the produced brine. The technology is promising but relatively untested at scale, and while the CCSD has indicated that that is the preferred brine disposal element, the County's approval also authorizes storage tanks for offsite trucking and disposal at an appropriately licensed/regulated water treatment plant for proper disposal should the ZLD be determined to be infeasible.

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decisions are appealable: (a) approval of CDPs for development that is located (1) between the sea and the first public road paralleling the sea or within 300 feet of the inland extent of any beach or of the mean high tide line of the sea where there is no beach, whichever is the greater distance, (2) on tidelands, submerged lands, public trust lands, within 100 feet of any wetland, estuary, or stream, or within 300 feet of the top of the seaward face of any coastal bluff, and (3) in a sensitive coastal resource area; or (b) for counties, approval of CDPs for development that is not designated as the principal permitted use under the LCP. In addition, any local action (approval or denial) on a CDP for a major public works project (including a publicly financed recreational facility and/or a special district development) or an energy facility is appealable to the Commission. This County CDP decision is appealable to the Commission because the project site is partially located within a LCP-identified sensitive coastal resource area (i.e., areas mapped as Terrestrial Habitat ESHA under the LCP and also areas located within 100 feet of a park and recreation area (i.e., Hearst San Simeon State Park)); is not listed as a Principal Permitted (P) Use under the Agriculture land use designation under the LCP (i.e., is deemed a Special (S) use); is located within 100 feet of a wetland and stream, and is a major public works project.

For appeals of a CDP approval, grounds for appeal are limited to allegations that the approved development does not conform to the LCP and/or to Coastal Act public access provisions. For appeals of a CDP denial, where allowed (i.e., such appeals are only allowed in extremely limited circumstances – see description of appealable actions, above), the grounds for appeal are limited to allegations that the development conforms to the LCP and to Coastal Act public access provisions.

The Commission's consideration of appeals is a two-step process. The first step is determining whether the appeal raises a substantial issue that the Commission, in the exercise of its discretion, finds to be significant enough to warrant the Commission taking jurisdiction over the CDP application. This step is often referred to as the "substantial issue" phase of an appeal. The Commission is required to begin its hearing on an appeal, addressing at least the substantial issue question, within 49-working days of the filing of the appeal unless the applicant has waived that requirement, in which case there is no deadline.

The Coastal Act and the Commission's implementing regulations are structured such that there is a presumption of a substantial issue when the Commission acts on this question, and the Commission generally considers a number of factors in making that determination.³ At this stage, the Commission may only consider issues brought up by

³ The term substantial issue is not defined in the Coastal Act. The Commission's regulations simply indicate that the Commission will hear an appeal unless it "finds that the appeal raises no substantial issue..." (California Code of Regulations, Title 14, Section 13115(b)). Section 13115(c) of the Commission regulations provides, along with past Commission practice, that the Commission may consider the following five factors when determining if a local action raises a significant issue: (1) the degree of factual and legal support for the local government's decision that the development is consistent or inconsistent with the certified LCP and the Coastal Act's public access provisions; (2) the extent and scope of the development; (3) the significance of the coastal resources affected by the decision; (4) the precedential value of the local government's decision for future interpretation of its LCP; and (5) whether the appeal raises only local issues, or those of regional or statewide significance. The Commission may,

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the appeal. At the substantial issue hearing, staff will make a recommendation for the Commission to find either substantial issue or no substantial issue. If staff makes the former recommendation, the Commission will not take testimony at the hearing on the substantial issue recommendation unless at least three Commissioners request it, and, if no such hearing is requested, a substantial issue is automatically found. In both cases, when the Commission does take testimony, it is generally (and at the discretion of the Commission Chair) limited to three minutes total per side, and only the Applicant, persons who opposed the application before the local government, the local government, and their proxies/representatives are allowed to testify, while others may submit comments in writing.

If, following testimony and a public hearing, the Commission determines that the appeal does not raise a substantial issue, then the first step is the only step, and the local government's CDP decision stands. However, if the Commission finds a substantial issue, the Commission takes jurisdiction over the underlying CDP application for the proposed project, and the appeal heads to the second phase of the hearing on the appeal.

In the second phase of the appeal, the Commission must determine whether the proposed development is consistent with the applicable LCP (and in certain circumstances the Coastal Act's public access and recreation provisions). This step is often referred to as the "de novo" review phase of an appeal, and it entails reviewing the proposed project in total. There is no legal deadline for the Commission to act on the de novo phase of an appeal. Staff will make a CDP decision recommendation to the Commission, and the Commission will conduct a public hearing to decide whether to approve, approve with conditions, or deny the subject CDP. Any person may testify during the de novo phase of an appeal hearing (if applicable).

D. Summary of Appeal Contentions

While each appeal raises its own specific reasons for opposition related to the County's approval, the contentions can be summarized into the following general categories: 1) biological and ecological concerns related to construction and operation of the project, at a sensitive creek location that qualifies as ESHA under the LCP; 2) potential for growth inducement; and 3) energy demand, carbon footprint, and costs associated with WRF operations, including from an environmental justice perspective. In addition, one appeal from the neighboring property owner raises concerns about potential impacts on existing extraction wells from groundwater pumping by the CCSD, and the biological and visual resource concerns associated with retaining the Van Gordon Pond liner needed when it was used for brine disposal. Given the complexity of the project, including its history from EWSP to the project as approved by the County, the appeals also raise various questions as to what elements are or are not still part of the approved project. Please see **Exhibit 6** for the appeal contentions.

but need not, assign a particular weight to a factor, and may make a substantial issue determination for other reasons as well.

E. Substantial Issue Determination

1. Cambria Water Supply and Habitat Protection

Applicable LCP Provisions

The San Luis Obispo County LCP is divided geographically into four areas,⁴ each with its own LCP area plan that forms one component of the LCP's Land Use Plan (LUP). The LUP also includes two documents that identify provisions applicable throughout the coastal zone: one titled the "Coastal Plan Policies" (Coastal Plan) and another the "Framework for Planning" (Framework). Thus, the LCP LUP is made up of the Coastal Plan, the Framework, and the four area plans. The project site is located within the area governed by the LUP's North Coast Area Plan (NCAP). The LCP's Implementation Plan consists of the "Coastal Zone Land Use Ordinance" (CZLUO), which applies throughout all four LCP areas.

The Coastal Plan lays out the main objectives of the LCP. With respect to Public Services, LUP Public Works Policy 1 indicates projects can only be approved if there are adequate services to serve such projects. CZLUO Section 23.04.430 carries out this policy, requiring the County to find that adequate water and sewage disposal capacity exists prior to approving any new development in San Luis Obispo County. In addition, LUP Coastal Watershed Policies 1 and 2 protect the integrity of groundwater basins, including by requiring that the basin's safe yield is not exceeded, and that any extractions protect water quality, wetlands/streams and their habitats, and human health. These provisions state:

Public Works Policy 1: Availability of Service Capacity. New development (including divisions of land) shall demonstrate that adequate public or private service capacities are available to serve the proposed development. Priority shall be given to infilling within existing subdivided areas. Prior to permitting all new development, a finding shall be made that there are sufficient services to serve the proposed development given the already outstanding commitment to existing lots within the urban service line for which services will be needed consistent with the Resource Management System where applicable. (emphasis added)

CZLUO 23.04.430: Availability of Water Supply and Sewage Disposal Services. A land use permit for new development that requires water or disposal of sewage shall not be approved unless the applicable approval body determines that there is adequate water and sewage disposal capacity available to serve the proposed development, as provided by this section.

Policies for Coastal Watersheds Policy 1: Preservation of Groundwater Basin. The long-term integrity of groundwater basins within the coastal zone shall be protected. The safe yield of the groundwater basin, including return and retained water, shall not be exceeded except as part of a conjunctive use or resource

⁴ The County's four LCP areas consist of the North Coast, Estero, San Luis Bay, and South County Areas.

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management program which assures that the biological productivity of aquatic habitats are not significantly adversely impacted.

Policies for Coastal Watersheds Policy 2: Water Extractions. *Extractions, impoundments and other water resource developments shall obtain all necessary county and/or state permits. All pertinent information on these uses (including water conservation opportunities and impacts on in-stream beneficial uses) will be incorporated into the data base for the Resource Management System and shall be supplemented by all available private and public water resources studies available. Groundwater levels and surface flows shall be maintained to ensure that the quality of coastal waters, wetlands and streams is sufficient to provide for optimum populations of marine organisms, and for the protection of human health.*

In addition, the LUP's NCAP includes additional guidance for the areas in and around Cambria and includes an extensive policy framework meant to protect the area's rich coastal resources. The NCAP includes policies that protect groundwater and associated riparian areas, require an adequate water supply to serve new development, limit growth to areas with adequate public services, and direct development to existing developed areas best able to accommodate it. The NCAP acknowledges that Cambria has a severely limited water supply that has long been recognized as inadequate to serve new development, and provides clear protection for its creek resources, stating:

NCAP Combining Designations Policy 5: North Coast Creeks. *Portions of Santa Rosa, San Simeon, Pico, and Little Pico, Arroyo de la Cruz, Arroyo del Padre Juan, and San Carpoforo Creeks are anadromous fish streams which should be protected from impediments to steelhead migration and spawning. Adjacent riparian and wetland areas provide important wildlife habitat. Ground water and surface waters are linked, and maintenance of the creek habitats is essential to protect many coastal resources. These creeks support a number of declining species, such as the Tidewater Goby, Striped Garter Snake, Western Pond Turtle, Red-legged Frog, and Steelhead Trout.*

NCAP Planning Area Standard B.4(A): Limitation on Development. *Until such time as may be otherwise authorized through a coastal development permit approving a major public works project involving new potable water sources for Cambria, new development not using CCSD connections or water service commitments existing as of November 15, 2001 (including those recognized as "pipeline projects" by the Coastal Commission on December 12, 2002 in coastal development permits A-3-SLO-02-050 and A-3-SLO-02-073, shall assure no adverse impacts to Santa Rosa and San Simeon Creeks; ...*

NCAP Planning Area Standard B.4(B): Water Conservation Requirements. *Unless this requirement is otherwise modified through a coastal development permit authorizing a major public works water supply project for Cambria, new development resulting in increased water use shall offset such increase through the retrofit of existing water fixtures within the Cambria Community Service District's service area, or through other verifiable actions to reduce existing water use in the service area*

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(e.g. the replacement of irrigated landscaping with xeriscaping). Accordingly, all coastal development permits authorizing such development shall be conditioned to require applicants to provide to the Planning Director (or the Coastal Commission Executive Director where applicable) for review and approval prior to construction, written evidence of compliance with CCSD Ordinance 1-98, as approved by the CCSD Board of Directors on January 26, 1998, and modified on November 14, 2002, and as codified in CCSD Code Chapter 4.20 in 2004; however, no retrofit credits may be obtained by extinguishing agricultural water use, or funding leak detection programs. Such permits shall also be conditioned to require written confirmation from the CCSD that any in-lieu fees collected from the applicant have been used to implement projects that have reduced existing water use within the service area in an amount equal or greater to the anticipated water use of the project.

In addition, the LCP has multiple overlapping provisions that protect ESHA in and around Cambria, including the area's terrestrial habitats, coastal streams, and riparian habitat areas. One of the primary ways the LCP protects these areas is through development avoidance and the use of setbacks/buffers. Applicable LCP policies and ordinances include:

Policies for Environmentally Sensitive Habitats Policy 1: Land Uses Within or Adjacent to Environmentally Sensitive Habitats. *New development within or adjacent to locations of environmentally sensitive habitats (within 100 feet unless sites further removed would significantly disrupt the habitat) shall not significantly disrupt the resource. Within an existing resource, only those uses dependent on such resources shall be allowed within the area. [THIS POLICY SHALL BE IMPLEMENTED PURSUANT TO SECTIONS 23.07.170-178 OF THE COASTAL ZONE LAND USE ORDINANCE (CZLUO).]*

Policies for Environmentally Sensitive Habitats Policy 21: Development in or Adjacent to a Coastal Stream. *Development adjacent to or within the watershed (that portion within the coastal zone) shall be sited and designed to prevent impacts which would significantly degrade the coastal habitat and shall be compatible with the continuance of such habitat areas. This shall include evaluation of erosion and runoff concerns. [THIS POLICY SHALL BE IMPLEMENTED PURSUANT TO SECTIONS 23.07.174 OF THE CZLUO.]*

Policies for Environmentally Sensitive Habitats Policy 28: Buffer Zone for Riparian Habitats. *In rural areas (outside the USL) a buffer setback zone of 100 feet shall be established between any new development (including new agricultural development) and the upland edge of riparian habitats. In urban areas this minimum standard shall be 50 feet except where a lesser buffer is specifically permitted. The buffer zone shall be maintained in natural condition along the periphery of all streams. Permitted uses within the buffer strip shall be limited to passive recreational, educational or existing nonstructural agricultural developments in accordance with adopted best management practices. Other uses that may be found appropriate are limited to utility lines, pipelines drainage and flood control facilities,*

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bridges and road approaches to bridges to cross a stream and roads when it can be demonstrated that: 1) alternative routes are infeasible or more environmentally damaging and 2) adverse environmental effects are mitigated to the maximum extent feasible. Lesser setbacks on existing parcels may be permitted if application of the minimum setback standard would render the parcel physically unusable for the principal permitted use. In allowing a reduction in the minimum setbacks, they shall be reduced only to the point at which a principal permitted use (as modified as much as is practical from a design standpoint) can be accommodated. [THIS POLICY SHALL BE IMPLEMENTED PURSUANT TO SECTIONS 23.07.174 OF THE CZLUO.]

Policies for Environmentally Sensitive Habitats Policy 29: Protection of Terrestrial Habitats. *Designated plant and wildlife habitats are environmentally sensitive habitat areas and emphasis for protection should be placed on the entire ecological community. Only uses dependent on the resource shall be permitted within the identified sensitive habitat portion of the site. Development adjacent to environmentally sensitive habitat areas and holdings of the State Department of Parks and Recreation shall be sited and designed to prevent impacts that would significantly degrade such areas and shall be compatible with the continuance of such habitat areas. [THIS POLICY SHALL BE IMPLEMENTED PURSUANT TO SECTION 23.07.176 OF THE CZLUO.]*

CZLUO Section 23.07.174: Streams and Riparian Vegetation. *Coastal streams and adjacent riparian areas are environmentally sensitive habitats. The provisions of this section are intended to preserve and protect the natural hydrological system and ecological functions of coastal streams.*

a. Development adjacent to a coastal stream. Development adjacent to a coastal stream shall be sited and designed to protect the habitat and shall be compatible with the continuance of such habitat. ...

d. Riparian setbacks. New development shall be setback from the upland edge of riparian vegetation the maximum amount feasible. In the urban areas (inside the URL) this setback shall be a minimum of 50 feet. In the rural areas (outside the URL) this setback shall be a minimum of 100 feet. A larger setback will be preferable in both the urban and rural areas depending on parcel configuration, slope, vegetation types, habitat quality, water quality, and any other environmental consideration. These setback requirements do not apply to nonstructural agricultural developments that incorporate adopted best management practices in accordance with LUP Policy 26 for Environmentally Sensitive Habitats.

(1) Permitted uses within the setback: Permitted uses are limited to those specified in Section 23.07.172d(1) (for wetland setbacks), provided that the findings required by that section can be made. Additional permitted uses that are not required to satisfy those findings include pedestrian and equestrian trails, and non-structural agricultural uses. All permitted development in or adjacent to streams, wetlands, and other aquatic habitats shall be designed and/or conditioned to prevent loss or

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disruption of the habitat, protect water quality, and maintain or enhance (when feasible) biological productivity. Design measures to be provided include, but are not limited to: (i) Flood control and other necessary instream work should be implemented in a manner that minimizes disturbance of natural drainage courses and vegetation. (ii) Drainage control methods should be incorporated into projects in a manner that prevents erosion, sedimentation, and the discharge of harmful substances into aquatic habitats during and after construction.

(2) Riparian habitat setback adjustment: The minimum riparian setback may be adjusted through Minor Use Permit approval, but in no case shall structures be allowed closer than 10 feet from a stream bank, and provided the following findings can first be made: (i) Alternative locations and routes are infeasible or more environmentally damaging; and (ii) Adverse environmental effects are mitigated to the maximum extent feasible; and (iii) The adjustment is necessary to allow a principal permitted use of the property and redesign of the proposed development would not allow the use with the standard setbacks; and (iv) The adjustment is the minimum that would allow for the establishment of a principal permitted use.

CZLUO Section 23.07.176: Terrestrial Habitat Protection. *The provisions of this section are intended to preserve and protect rare and endangered species of terrestrial plants and animals by preserving their habitats. Emphasis for protection is on the entire ecological community rather than only the identified plant or animal.*

a. Protection of vegetation. Vegetation that is rare or endangered, or that serves as habitat for rare or endangered species shall be protected. Development shall be sited to minimize disruption of habitat....

Finally, under the LCP water and wastewater treatment and production facilities are considered a “public utility facility”. Public utility facilities are allowed in all land use categories except Recreation (REC) and Open Space (OS). LCP resource protection policies are further implemented in terms of public utility facilities by CZLUO Section 23.08.288(d), which specifically addresses the siting of such facilities in relation to sensitive areas, including LCP-identified Sensitive Resource Areas and ESHA. Section 23.08.288(d) states:

CZLUO Section 23.08.288(d): Limitation on use, sensitive environmental areas. *Uses shall not be allowed in sensitive areas such as on prime agricultural soils, Sensitive Resource Areas, Environmentally Sensitive Habitats, or Hazard Areas, unless a finding is made by the applicable approval body that there is no other feasible location on or off-site the property. Applications for Public Utility Facilities in the above sensitive areas shall include a feasibility study, prepared by a qualified professional approved by the Environmental Coordinator. The feasibility study shall include a constraints analysis, and analyze alternative locations.*

Thus, Section 23.08.288(d) of the LCP potentially allows public utility facilities in these sensitive resource areas provided there are no feasible alternatives. In other words, the LCP allows for some ESHA disturbance for a public utility facility project, such as the

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County-approved project, provided it is the least environmentally damaging feasible alternative. In this context, the LCP still requires avoidance of ESHA impacts if feasible, but also recognizes that there may be circumstances where such projects result in unavoidable impacts, and the LCP allows such impacts if there is no feasible alternative.

In sum, the LCP generally limits new development in ESHA, including terrestrial habitat that serves rare and endangered species as well as streams and associated riparian areas, to resource dependent uses. The LCP also allows public utility facilities in such sensitive areas if there are no feasible alternatives as demonstrated via a feasibility study analyzing constraints and alternative locations. The LCP also requires the long-term integrity of groundwater basins to be protected, prohibits extractions or other measures that exceed groundwater basin safe yields, and requires groundwater levels and surface flows to be maintained in such a way as to provide “optimum” habitat conditions (LUP Coastal Watershed Policies 1 and 2). In addition, the LCP explicitly requires that Santa Rosa and San Simeon Creeks be protected against fisheries impediments, and recognizes their values otherwise, including the link between ground and surface waters as they relate to protection of creek-related resources. These provisions are also explicit regarding the connection between the protection of these ecosystems and the protection of multiple sensitive species found in these two creek ecosystems (i.e., steelhead, goby, and red-legged frog) (LUP NCAP Combining Designations Policy 5).

Cambria Water Supply/Creek Resources Background

The Commission has long recognized that there are severe water supply limitations in Cambria, including for both human consumption as well as for natural resources. Cambria’s water supply depends entirely on the groundwater aquifers associated with Santa Rosa and San Simeon Creeks (collectively “the Creeks”). Santa Rosa Creek flows through the middle of the community, and is located immediately adjacent to the project site in this case, while San Simeon Creek is located some two miles or so to the north of town. The two Creeks flow from their respective headwaters and both terminate into lagoons, which ultimately connect to the Pacific Ocean. In addition to domestic and agricultural demands for water from the Creeks, environmental demand necessary to sustain the Creeks’ high-quality habitat for a variety of aquatic and terrestrial species also must be countenanced. The United States Fish and Wildlife Service (USFWS) designates the Creeks as critical habitat⁵ because they provide habitat for multiple federally listed species, such as the threatened South-Central Coast steelhead and California red-legged frog, and the endangered tidewater goby.⁶

⁵ “Critical habitat” is defined in part as an area which is essential to the conservation of a listed species.

⁶ All of which are listed under the Federal Endangered Species Act. In addition to their status under the Federal Endangered Species Act, the California red-legged frog is also designated by the California Department of Fish and Wildlife (CDFW) as a State Species of Special Concern (meaning it is vulnerable to extinction) with a CDFW S2S3 ranking (meaning this species is designated as “vulnerable” and “imperiled” with a moderate to high risk of extinction). South-Central Coast steelhead and tidewater

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The CCSD operates groundwater wells in the lower reaches of the Creeks to extract water from their respective groundwater aquifers to serve the demand of Cambria's water users. Prior to 1977, all of Cambria's water was extracted from wells along the lower reaches of just Santa Rosa Creek, which produced approximately 400 acre-feet of water a year (afy). Due to contamination, including from high levels of total dissolved solids, this water supply was determined to be unsuitable for human consumption. Additionally, the water supply was severely limited, including because of a lack of instream flow necessary to provide adequate protection for riparian fisheries and other related resources, and water use in the community was strictly rationed to a maximum of 50 gallons per person per day.

Due to these water supply problems, CCSD applied to the California State Water Resources Control Board (SWRCB) for the rights to withdraw a total of 1,230 afy of groundwater from the nearby (i.e., again, just north of the community and north of Santa Rosa Creek) San Simeon Creek basin annually. The final EIR for that water rights application found the proposed water extractions to have the potential to adversely affect riparian habitat and degrade anadromous fish resources, particularly steelhead trout. Due to these identified impacts, the California Department of Fish and Wildlife⁷ protested CCSD's water rights application. CDFW eventually withdrew its protest when CCSD agreed to two conditions of approval. First, CCSD agreed to maintain water levels in the basin to sustain stream flow to the lagoon to protect fish and riparian habitat. Second, CCSD agreed to maintain irrigation facilities in order to maintain riparian vegetation. Based upon information that suggested the San Simeon Creek basin would not be able to safely and reliably produce 1,230 afy under these terms, CCSD also sought approval to supplement this San Simeon Creek water supply with continued withdrawals from the Santa Rosa Creek basin in order to maintain service to existing customers, but only in times of emergency. SWRCB ultimately approved CCSD's application for water rights to annually extract 1,230 afy total from San Simeon Creek and Santa Rosa Creek combined, subject to the agreed-upon CDFW conditions.⁸

The Coastal Commission then permitted CCSD's Creek-related extractions pursuant to CDP 132-18, which the Commission initially conditionally approved in 1977, shortly after the enactment of the Coastal Act. The Commission found that, although the proposed 1,230 afy of water withdrawals from San Simeon Creek had the potential to adversely

goby are ranked by CDFW as S2 and S3 (meaning steelhead are designated "imperiled" and at a high risk of extinction, and goby are designated "vulnerable" and at a moderate risk of extinction, respectively).

⁷ At the time the agency was called the California Department of Fish and Game.

⁸ SWRCB recently reduced the amount of water that CCSD could extract from the Creeks to less than the level allowed under their original 1977 approval, particularly during the dry season (see "Issuance of Water Right Licenses 13916 and 13917," SWRCB, March 14, 2019). SWRCB's 2019 water right license materials reduce CCSD's allowed extractions from the Creeks to no more than 1,017 afy (i.e., a maximum of 799 afy from San Simeon Creek, where no more than 370 afy of that extraction can be during the dry season, and a maximum of 218 afy from Santa Rosa Creek where no more than 155.3 afy of that extraction can be during the dry season), all still subject to the same terms and conditions, including regarding maintaining water levels in the basin to sustain stream flow to the lagoon to protect fisheries and riparian habitats.

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impact biological resources, the project could be found consistent with the Coastal Act because of CDFW's requirement that CCSD maintain instream flows and irrigate vegetation in order to maintain and protect fishery resources and riparian habitat. The primary intent of these Creek protection measures was and is to ensure that adequate water remains instream to support the Creeks' sensitive fisheries and riparian habitats, and to prevent overdraft of the underlying groundwater aquifers.⁹ In addition to these measures to protect the Creeks, the Commission found that Santa Rosa Creek was "the most important anadromous fish stream in San Luis Obispo County" and therefore required CCSD to discontinue its use of wells along Santa Rosa Creek as its primary water supply once the San Simeon Creek wells were established. The CDP only allows withdrawals from the Santa Rosa Creek wells if necessary to supplement CCSD's water supply in an emergency if/when water cannot be safely removed from San Simeon Creek.

Since the time of its initial 1977 approval of the CCSD's CDP for water extractions from the Creeks, the Commission has continually expressed concern regarding Cambria's capacity to maintain a reliable and environmentally sustainable water supply.¹⁰ In fact, as the Commission has made clear in multiple LCP, appeal, and CDP cases, including just last month,¹¹ the existing water supply does not represent an adequate and sustainable supply that can serve even existing development in Cambria without resource harm, consistent with applicable LCP policies, and it certainly is not an adequate water supply to also serve new development in addition to that. It has been well understood for many years that an additional water supply is required for CCSD to provide reliable water supply service to its existing users without significant environmental degradation, and the same necessarily holds true for new water service to support new users. Because CCSD's sole source of water is the Creeks' underground aquifers, the water supply is also particularly vulnerable to annual and seasonal fluctuations in rainfall. Further, because of the nature and configuration of the

⁹ Overdraft occurs when water is pumped beyond the safe yield of a groundwater aquifer, leading to adverse impacts, such as subsidence, in which an aquifer's geological structures compress, which may result in irreparable damage to an aquifer's capacity to store water. When such groundwater is associated with rivers and streams, other adverse impacts can include a reduction in flows necessary to sustain biological organisms, including sensitive species. Overdraft can also cause seawater to intrude into an aquifer causing degradation of the quality of the freshwater supply. All of these impacts are known to affect Santa Rosa and San Simeon Creeks and their groundwater aquifers.

¹⁰ See, for example, analyses associated with the Commission's findings for the 1998 LCP North Coast Area Plan Update and for the 2001 San Luis Obispo County LCP Periodic Review, in which the Commission analyzed the issues and the problems in some depth, including identifying the need for additional studies and measures to assure protection of the Creeks given they were being over-drafted for municipal purposes.

¹¹ Again, see Commission findings on Cambria's inadequate water supply in the 1998 LCP NCAP Update, the 2001 LCP Periodic Review, and LCP Amendment SLO-MAJ-1-06 Part 1; and see, for example, A-3-SLO-01-122 (Cambria Pines Lodge Expansion); A-3-SLO-02-050 (Monaco SFD); A-3-SLO-02-073 (Hudzinski SFD); A-3-SLO-13-0213 (Kingston Bay Senior Living); A-3-SLO-14-0044 (Fox SFD); A-3-SLO-19-0199 (Hadian SFD); A-3-SLO-20-0047 (Settimi SFD); A-3-SLO-21-0065 (Bookout SFD); A-3-SLO-21-0066 (Hadian SFD), LCP-3-SLO-20-0059-2 (ADUs), A-3-SLO-23-0027 (Bergen SFD Addition), A-3-SLO-23-0028 (Lucero-Sokol SFD Addition), and A-3-24-0030 (Winter Hotel).

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aquifers (i.e., they are narrow, shallow, porous, and surrounded by bedrock with little capacity for water storage), even in times of abundant rain the maximum storage capacity of these aquifers is inherently limited, and is significantly reduced in dry months. Thus, unless and until a new water supply is secured, the sustainability and long-term security of Cambria's existing water supply remains particularly susceptible to even short-term periods of drought.

In order to address these issues, including the Commission's concerns, CCSD enacted a moratorium on new water connections in 2001.¹² CCSD exempted from this moratorium certain proposed development projects in Cambria that were then on CCSD's water service commitment list. Ultimately, the LCP was amended six years later in 2007 (LCP Amendment SLO-MAJ-1-06 Part 1) to include additional standards in the LCP's North Coast Area Plan specific to new development proposed within Cambria to require certain projects to explicitly demonstrate that they would not adversely impact Santa Rosa and San Simeon Creeks, and to require the use of retrofits and offsets in Cambria for any otherwise LCP-consistent new water use. Specifically, NCAP Planning Area Standards B.4(A) and (B) (listed above) were added to the North Coast Area Plan, which do not allow new development that would adversely impair Santa Rosa and San Simeon Creeks (e.g., through additional water usage from these creeks to serve such new development).¹³ Ultimately, the primary purpose of the amendment was to strictly limit new development requiring new water service in Cambria until the CCSD secured new water sources. At that time, the Commission found that:

*... new development in Cambria cannot be accommodated consistent with the Coastal Act absent a new water supply and a comprehensive analysis of the coastal resource protection requirements of San Simeon and Santa Rosa creeks, the underlying groundwater, and other coastal resources. ... **In short, adequate public water supplies are not currently available for new development in Cambria.** (emphasis added)*

In fact, as succinctly stated by the Commission in its 2007 findings above, there was (and is) no water available for new development in Cambria.¹⁴

And unfortunately, in the time since the Commission's LCP amendment approval, the water supply situation has not demonstrably improved. In fact, in 2014, CCSD declared a "Stage 3 Water Shortage Emergency"¹⁵ and acknowledged it did not have an adequate water supply to support Cambria's existing water demand. Existing wells at that time were lower than two feet above sea level and in the absence of a new water

¹² As part of the CCSD's Water Code 350 Emergency Declaration on November 15, 2001.

¹³ And which limit new development utilizing a CCSD connection to only those existing as of November 15, 2001. In other words, new development needing a new CCSD water connection is not allowable.

¹⁴ Again, see Commission adopted findings in the North Coast Area Plan update in LCP Amendment SLO-MAJ-1-06 Part 1.

¹⁵ The Stage 3 Water Shortage Emergency was declared by the CCSD Board of Directors pursuant to Water Code Section 353, which allows governing bodies to adopt regulations and restrictions on water deliveries to conserve water for the greatest public benefit.

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supply, CCSD projected that sometime in 2014 “the community stands a real chance of literally running out of water, forcing Cambrians to shut businesses and possibly even leave homes.”¹⁶ In response to this declared water emergency, San Luis Obispo County granted CCSD an Emergency CDP (ECDP) in May 2014 for a temporary emergency desalination plant near San Simeon Creek meant to provide a temporary emergency water supply, despite Commission staff’s articulated concerns at the time regarding the coastal resource impacts associated with such a project, including on ESHA (including ESHA where project components would be sited) and sensitive species. In fact, CCSD had previously applied for a CDP from the Commission for test wells to assess the viability of such desalination plant adjacent to San Simeon Creek, but the Commission denied that application due to its unmitigated and adverse coastal resource impacts. Nevertheless, the project was within the County’s jurisdiction, and the County issued the ECDP based on CCSD’s assessment of Cambria’s critically low water supply at that time. The project was intended to treat a blend of salt water, fresh water, and treated wastewater that would be stored in an effluent pond and injected back into the aquifer after several different treatment processes, including reverse osmosis. The project approved under the ECDP was supposed to operate only during emergency conditions and only to provide water for existing development. The facility, however, is no longer operational, in part due to a cease-and-desist order issued by the California Central Coast Regional Water Quality Control Board (RWQCB) in 2017, noting over 162 violations associated with the operation, including unpermitted and uncontrolled discharge into the groundwater system.

In sum, there is not an adequate water supply,¹⁷ and current extractions to serve existing development in Cambria do not protect the long-term integrity of the groundwater basins, do exceed groundwater basin safe yields, do not maintain groundwater levels and surface flows in such a way as to provide optimum habitat conditions, and do not protect Santa Rosa and San Simeon Creeks as is required.¹⁸ In fact, with respect to the Creeks, numerous studies have been completed regarding the health of these ecosystems. A 2014¹⁹ report found that both Creeks’ instream flows in the summer of 2013²⁰ were inadequate to meet even the bare minimum necessary to

¹⁶ See “Cambria’s Emergency Water Supply Project: Questions and Answers,” CCSD. November 3, 2014.

¹⁷ And in the time since the CCSD declared a Stage 3 Water Shortage Emergency, the Cambria water shortage has only gotten more severe. To that point, on July 15, 2021, and in response to a several year drought, CCSD declared a Stage 4 Water Shortage Emergency, the most restrictive in San Luis Obispo County to date. The Stage 4 declaration “finds that the demands and requirements of water consumers cannot be satisfied without depleting the water supply of the CCSD to the extent that there would be insufficient water for human consumption, sanitation and fire protection”. While this declaration has since been rescinded given healthy rainfall in recent years, such declaration is representative of the community’s chronic water challenges.

¹⁸ See, for example, SLO Instream Flow Study; Santa Rosa Creek Watershed Management Plan; South-Central California Steelhead Recovery Plan.

¹⁹ “San Luis Obispo County Regional Instream Flow Assessment (SLO Instream Flow Study)”, prepared by Stillwater Sciences for the Coastal San Luis Resource Conservation District (January 2014).

²⁰ In 2013 CCSD extracted 593 af of water from San Simeon Creek and 140 af of water from Santa Rosa Creek, for a total of 733 af.

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maintain aquatic habitat systems, despite the fact that the terms and conditions of the Commission's 1977 CDP and the SWRCB water licenses only allow water extractions if the CCSD simultaneously ensures there is adequate stream flow in order to protect fisheries and other riparian habitat resources. The study states that Environmental Water Demand (EWD) is only the "minimum values to maintain aquatic systems and should not be interpreted as 'enough' water to support long-term, sustainable steelhead populations or the complex ecosystems in which they live." The study found that the observed instream water flows were inadequate to meet the Creeks' estimated required EWDs to support steelhead (which the study used as the primary indicator species). To illustrate, in lower Santa Rosa Creek, the estimated spring EWD was 3.0 cubic feet per second (cfs); however, the actual observed EWD was only 1.62 cfs. Lower Santa Rosa Creek's estimated summer EWD was 0.75 cfs, but the observed EWD was 0.0 cfs (meaning wetted with no water velocity). San Simeon Creek's estimated EWD for the spring was 1.5 cfs; however, only 0.99 cfs was observed. Thus, the instream flows in both Creeks were well below the minimum necessary to maintain aquatic systems, and these habitat impacts are explicitly prohibited by both CCSD's SWRCB water licenses as well as the Commission's CDP to the CCSD recognizing same. The study expressed particular concern for Santa Rosa Creek, which had no flow in the summer of 2013, rendering the creek incapable of providing steelhead habitat during that time.²¹ The study further found that the Santa Rosa Creek lagoon conditions were "worsened by low stream flows resulting from excessive groundwater pumping and diversions[.]" The study explained that "[r]educed freshwater inflows result in water temperatures and dissolved oxygen levels in the lagoon, particularly at the bottom, that can frequently exceed lethal limits for steelhead in the summer and the fall," and that "entire sections of the lower lagoon dried up, reducing the area of suitable steelhead rearing habitat." And "[w]hen Santa Rosa Creek lagoon inflows ceased entirely in summer 2013, steelhead (adults and presumably juveniles) were observed trapped in a pool that decreased dramatically in extent and water quality." Similar conclusions regarding the adverse impacts of existing groundwater extractions were also reached in the California Department of Fish and Wildlife's February 2012 "Santa Rosa Creek Watershed Management Plan" and National Marine Fisheries Service December 2013 "South-Central California Steelhead Recovery Plan".

²¹ Again, as described above, in approving the CDP for CCSD's creek withdrawals, the Commission found that Santa Rosa Creek is "the most important anadromous fish stream in San Luis Obispo County" and therefore required CCSD to discontinue its use of wells along Santa Rosa Creek as its primary water supply once the San Simeon Creek wells were established. Thus, the CDP only allows withdrawals from the Santa Rosa Creek wells if necessary to supplement CCSD's water supply in an emergency if/when water cannot be safely removed from San Simeon Creek. Notwithstanding this CDP requirement and limitation, according to CCSD's records, water withdrawals from Santa Rosa Creek have occurred every year except one since 1987 (and records provided only go back to 1987, so it could not be verified before then). And, as described, such withdrawals are only allowed where these fishery habitats are protected and the viability of riparian habitat is ensured via supplemental irrigation, neither of which are occurring here.

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More recently, a 2019 report²² found that Santa Rosa and San Simeon Creeks both had high potential to ecologically benefit from flow enhancement. Santa Rosa Creek did not meet its predicted EWD in the summers of 2015 and 2016, and middle and lower San Simeon Creek did not meet its EWD during all measured summers (2016-2018) which included the “very wet” year of 2017. Most recently, the CCSD commissioned the San Simeon Creek Instream Flows Assessment in August 2024.²³ The assessment modeled various groundwater extraction and aquatic habitat scenarios, including in relation to steelhead migration. The report stated that “the population of steelhead in the San Simeon Creek watershed has been identified as a Core 1 population, which means it has the highest priority for recovery actions, has a known ability or potential to support viable populations, and has the capacity to respond to recovery actions. One critical recovery action listed by NMFS includes the implementation of operating criteria to ensure streamflow allows for essential steelhead habitat functions.” The report’s modeling concluded that at lower passage flow thresholds needed for juvenile steelhead migration and “at the maximum CCSD extraction rate, during several years, the estimated maximum reduction in passage days [for migrating juvenile steelhead] was greater than 10%.” This is significant because it demonstrates that pumping within the CCSD’s extraction capacity, even without accounting for private well pumping in the area, can negatively impact this special status species.

In sum, the water situation in Cambria is complex, but the overall summation is that the community has suffered from well publicized water supply inadequacies for decades. Its supply is solely from two local creek systems, one of which is only supposed to be used on an emergency basis but nevertheless has been used to augment supply essentially every year. And in addition to serving as a municipal domestic water source, these creeks are also critical habitat for listed aquatic species, where there is just too little water left in the system to adequately serve such species and their related riparian habitats, notwithstanding permit requirements to do so. In light of these constraints, CCSD has had a moratorium on most new water connections for 25 years, and the LCP prohibits any development that will increase water demand on the creeks or otherwise adversely affect them. As such, it’s clear that CCSD needs to augment its water supply portfolio in a manner that protects creek resources and human health. It is against this regulatory, infrastructure, and coastal resource backdrop that this proposed project is evaluated.

Analysis

As discussed previously, the project as approved by the County is one that has been subject to debate, discussion, and refinement by the CCSD in response to comments, concerns, and suggestions made by members of the public, applicable resource regulatory agencies, and Commission staff for over a dozen years. And while it is very true that many of these entities – particularly Commission staff – raised considerable questions about coastal resource impairment and LCP conformance problems during

²² “San Luis Obispo County Low Flow Monitoring Report (2015-2018)”, prepared by Creek Lands Conservation for the Wildlife Conservation Board (June 2019).

²³ Stillwater Sciences 2024. San Simeon Creek Instream Flows Assessment. Final Report. Prepared by Stillwater Sciences, Morro Bay, California, for Cambria Community Services District, Cambria, California.

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this time, those concerns were focused on the EWSP and other potential large scale desalination projects being considered. Those potential project iterations raised considerable questions regarding direct project impacts, including on the creek/riparian system and on the fisheries and other sensitive species that rely on healthy aquatic systems, as well as indirect impacts regarding growth inducement and other land-based concerns. Again, for a relatively small community of only about 6,000 residents, and one where these potential infrastructure options are being proposed in significant habitat areas, a large scale desalination or similar drinking water supply project raised significant questions that regulatory agencies and community members were rightfully concerned about.

However, the project that was ultimately approved by the County and subject to this appeal is one that has been substantially modified. Put another way, the CCSD has spent years crafting and refining its project to better respond to the comments it has heard over the years. The end result is the project as approved by the County, one that can best be understood as a relatively minor water supply protection project rather than any significant water supply augmentation project. The purpose of this project is to protect the groundwater aquifer from seawater intrusion and other water quality impairments, thereby maintaining its availability for existing uses and users, while also protecting aquatic and riparian habitats in the creeks and upper lagoon. It does not propose any new supplies or change extraction limits (which are governed by other permits and would need modification to change such extraction limits), does not propose expansion of its service boundaries, and does not propose to serve new development, which is still governed by the previously described LCP provisions. In fact, the project can best be understood as a way to optimize its existing operations and minimize its coastal resource impacts. For example, one of the primary project purposes is to avoid seawater intrusion during the late dry season and during times of drought at its drinking water intake wells on San Simeon Creek. The status quo is that such wells become unusable during these times, and thus the CCSD must extract groundwater from Santa Rosa Creek. As noted before, CDP 132-18 states that extraction on Santa Rosa Creek is only limited to times of emergency, but seawater intrusion has meant that the emergency has become the norm. By preventing, or at least substantially reducing, the amount of water pumped from Santa Rosa Creek, there will remain more water in that system to support that creek's sensitive fisheries and other habitats. Thus, the proposal should not be understood as a way to increase water supply or extraction, or otherwise materially change the community's water supply demands as it relates to new development. As such, appeal contentions raising such issues, including questions regarding growth inducement and new development, while clearly are still important and germane for the community more broadly, are not at play here and do not raise a substantial LCP conformance problem for this particular project.

As for potential WRF impacts, including on ESHA and water quality that are offered such high protection under the LCP, a few things should be noted. The first is that there are essentially two such impacts that require evaluation: the first is the project's physical siting itself, including the AWTP, ZLD, and associated pipelines; and the second is the

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potential impact that groundwater extraction and subsequent discharge and reinjection could have on water quality and the creek's riparian habitats.

On the former, the total project footprint is about 4.5 acres and, except for a small section of pipeline (totaling less than 400 square feet), is located outside of the creek and its riparian habitats in areas comprised of ruderal grassland (about 4.45 acres). However, while such habitat is not creek/riparian ESHA, it is important dispersal habitat for California red-legged frog. The Commission has generally considered such habitat to rise to the level of ESHA, including given that California red-legged frog is classified as threatened under the federal Endangered Species Act and a Species of Special Concern by the California Department of Fish and Wildlife. The Commission's Ecology Team evaluated the site back in 2019 and determined that "the entire project site and much of the surrounding area is ESHA" (see their previous memo on this topic in **Exhibit 7**). And this finding is reaffirmed herein by Staff Ecologist Dr. Rachel Pausch, who similarly concurs that this habitat rises to the level of ESHA under the LCP. Thus, in totality, the project includes about 400 feet of pipeline in riparian ESHA and about 4.45 acres of other infrastructure (the AWTP and ZLD buildings themselves, associated wells, access roads, etc.) in what the LCP would categorize as terrestrial ESHA. While normally only uses dependent on such habitat resources are permissible in ESHA (e.g., habitat restoration, nature study, etc.), this particular LCP does include CZLUO Section 23.08.288(d) which sets up a framework to potentially allow for essential public infrastructure in otherwise protected lands (e.g., ESHA, agricultural land) when certain findings are made. The LCP recognizes that these lands are meant for protection first and foremost, but also balances such protection with the need to also potentially allow critical infrastructure that serves the public interest. In fact, such allowance has been cited by the County and Commission in past cases where the LCP would otherwise not allow for critically needed public projects, notably the Los Osos Water Recycling Facility and Morro Bay Water Reclamation Facility.²⁴ Among other things, the LCP requires there to be no other feasible alternative to siting the proposed infrastructure in the habitat area, and that resultant impacts are minimized and mitigated. In approving the project, the County found the following:

The 2017 SEIR evaluated project alternatives and identified the approved project design as the environmentally superior alternative. In addition, a 2019 Feasibility Study and Assessment of Environmentally Sensitive Habitat Areas (ESHA) determined that the Emergency Water Supply Project alternative was the only feasible option because it would be constructed in areas already disturbed by existing and historic CCSD facilities, is located away from San Simeon Creek and Van Gordon Creek, and no other feasible on-site or off-site alternatives were identified.

The County found that the project met the LCP's tests, including since the project necessarily needed to be located in these habitat areas because that's where the CCSD's existing water infrastructure is located, as well as the fact that intake wells, pipelines, and reinjection wells similarly need to be located within, or at least close to,

²⁴ See CDPs A-3-SLO-09-055/069 and 3-19-0463, respectively.

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this habitat area in order for them to serve their intended groundwater protection functions.

The Commission recognizes that these are reasonable conclusions to make regarding the proper siting of this type of critical public infrastructure. In fact, Dr. Pausch opines that the project locates most of its structural elements outside of the most sensitive locations such as within the creek itself and its riparian habitat. While located in upland areas that still support threatened California red-legged frog populations, the project appropriately minimizes its size and overall habitat impact, and mitigates remaining unavoidable project impacts. On this point, the project's total footprint in terrestrial ESHA is about 194,015 square feet, and 387 square feet in riparian ESHA. The County's CDP requires the 3.62-acre Van Gordon Reservoir, which served as the former brine pond for the EWSP, to be restored, including with removal of the liner and planting with native plants.²⁵ The CDP also requires a 4-acre open space easement over riparian habitat at the confluence of San Simeon and Van Gordon Creeks. The end result is over 7 acres of habitat mitigation, appropriately compensating for the project's ESHA impacts. In sum, while the County-approved project certainly raises important coastal resource questions regarding critical public infrastructure and its appropriateness in sensitive habitats, in this case and for the above described reasons, the Commission finds the project not to raise any significant LCP conformance concern.

In terms of the second potential impact on fisheries, water quality, and overall creek health, several things should be noted. The first is that the CCSD and County firmly believe that the project is a positive for creek resources. The project will only draw groundwater during the dry season when surface water flows are lowest or nonexistent, with hydrogeologic modeling showing that doing so will not adversely affect surface water flows. The source water will be a mix of brackish water and deep aquifer ocean water, along with percolated secondary treated wastewater, and such intake is not expected to adversely affect groundwater health. In fact, it is expected to improve groundwater health by extracting such water, treating it, and then adding it to the groundwater system to serve as a barrier to saltwater intrusion and declined water quality. In addition, the project is expected to improve habitat values by pumping 100 gallons per minute of clean treated water into the San Simeon Creek lagoon, essentially moving groundwater to lagoon water to improve its habitat functions and improve water quality. As noted above, the project also has ancillary benefits of keeping San Simeon Creek's groundwater resources flush with additional tertiary treated clean water injected into its aquifer to avoid seawater intrusion, and thereby reducing the need/demand on

²⁵ On this point, the Commission recognizes some confusion as to whether or not the County's CDP required removal of the pond liner and native habitat restoration, or whether the approval was to retain the liner and use the pond as a surface reservoir. While there is some discussion in the community to use the pond for water storage, including for fire purposes, Commission staff have confirmed with CCSD and County staff that that is a future potential project, subject to its own analysis and potential impact mitigation, and was not approved as part of this CDP. The County's approval requires the pond liner to be removed and restored with native plants, and this is codified in the AMP (see page 12 of **Exhibit 5**). As such, appeal contentions regarding retaining the pond and the coastal resource impacts associated with doing so are inapplicable to the County's approval and do not raise a substantial LCP conformance concern.

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Santa Rosa Creek's extractions. Dr. Pausch similarly concludes that the groundwater pumping should not adversely impact creek habitat resources and the addition of the water back to San Simeon Creek will enhance the lagoon habitat during periods of drought, when the facility is operational.

However, to be clear, while these assessments are made by qualified professionals, they are based on the best available modeling and science,²⁶ not on empirical evidence based on actual project operation. As such, and consistent with typical best practices for these types of potentially impactful public infrastructure projects, the County's approval requires the preparation of an Adaptive Management Plan, or AMP. The purpose of the AMP is to monitor, study, and adapt the project to changing conditions, including to track any potential concerns with the goal of avoiding them in the first place, up to and including ceasing operations as a worst case scenario. The County found (emphasis added):

*The AMP includes adaptive triggers that require operational adjustments – including increasing mitigation flows, reducing or **suspending WRF operation**, or modifying groundwater extraction if reductions in habitat function or species indicators are detected.... The AMP requires long-term monitoring of groundwater elevations, surface-water presence, lagoon levels, instream habitat, and special-status species. If any indicator approaches a threshold associated with habitat impairment, WRF operations must be adjusted, reduced, or suspended until conditions stabilize.*

The purpose of the AMP is to be nimble and to be responsive to on the ground needs. And while the County's approval required its preparation and overall framework, including as described above, Commission and CCSD staff, including the Commission's water quality expert and Senior Environmental Scientist Dr. Hollie Hall and Dr. Pausch have worked together to craft its particulars (see the AMP in **Exhibit 5**). These include detailed, science-based triggers and monitoring protocols meant to assess potential concerns before they become coastal resource problems.

More specifically, for water quality, the AMP establishes early-warning and action triggers for salinity-related parameters and nitrate at key groundwater and lagoon monitoring locations.²⁷ If these thresholds are approached or exceeded, the AMP

²⁶ On this point, several comment letters from Commission staff over the years urged CCSD staff to undertake particular studies to evaluate potential project impacts and creek needs, particularly an in-stream flow study to identify how project pumping would affect creek and groundwater resources. The in-stream flow study was completed in 2024.

²⁷ These include site-specific thresholds based on pre-operation conditions, as well as specific triggers such as an increase in total dissolved solids at the upper lagoon of more than 200 mg/L above the pre-startup concentration, or nitrogen in the WRF creek discharge exceeding 0.8 mg/L. For aquatic and riparian habitat, the AMP similarly tracks groundwater trends, creek-pool depths, lagoon elevations, riparian condition, and other habitat indicators against established baseline conditions. Quantitative triggers include specified rates of decline in creek-pool depth and lagoon elevation. When those triggers are reached, required initial responses include confirming measurements, evaluating hydrologic and other potential causes, reviewing pumping, weather, tidal and other relevant data, and, where a WRF contribution is reasonably possible, increasing or relocating creek discharge and reevaluating conditions

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requires prompt confirmation and investigation rather than waiting for the next routine monitoring event. Required initial responses include validating the data and resampling, investigating the source and spatial pattern of the change, increasing creek discharge by 20 gallons per minute if WRF operations may be contributing to elevated total dissolved solids, implementing nitrogen removal to reduce nitrogen in the discharge to below 0.8 mg/L, notifying applicable agencies, and intensifying monitoring until conditions recover. And for sensitive habitat, an established dataset of baseline habitat conditions along both San Simeon Creek and Van Gordon Creek already exist. Habitat monitoring will be conducted before and while the facility is operational, including measurements of in-stream flow, substrate type, aquatic species observed, riparian habitat condition, wetted width and depth of pools, and lagoon levels. Monitoring of reference sites away from the facility will also be conducted for comparison. While well monitoring will likely provide the most immediate indication of changing groundwater levels, these habitat metrics will be compared to appropriate baseline data every two weeks while the facility is operational, with exceedance of baseline or reference conditions triggering adaptive management. Monitoring protocols are further detailed in the AMP.

The AMP also includes detailed parameters regarding independent third-party monitoring and oversight, including the creation of a Technical Advisory Committee (TAC), comprised of members of the Coastal Commission, California State Parks, California Department of Fish and Wildlife, San Luis Obispo County, and Upper Salinas-Las Tablas Resource Conservation District, to review monitoring data and information regarding water quality and creek health. The TAC is tasked with making recommendations for better management, which are then required to be implemented by CCSD. More specifically, and as codified in the AMP, CCSD and their consultants will continuously monitor and then compile/review data every two weeks. If a threshold is met or if otherwise there are potential impacts, they will report it to the TAC, County, and the Commission's Executive Director. The Commission is also specifically part of the TAC, which is tasked with reviewing the monitoring reports and other pertinent information, recommending changes and other adaptive management measures, and overall project effectiveness. The AMP also requires the preparation of an annual report to be submitted to the TAC, Commission, and County, where "CCSD shall consider all timely comments received and shall implement adaptive management measures consistent with the AMP and the recommendations of the TAC" (emphasis added). The AMP also requires Executive Director approval if proposed measures would "amend the AMP". Thus, the Commission and other applicable resource agencies have enforceable tools to make sure project effectiveness, impacts, and changes are reported and enforceable. Dr. Hall finds the AMP to clearly lay out a water-quality monitoring and adaptive management framework that will identify water quality degradation and define the steps to be taken to investigate and correct that degradation if it occurs. And Dr.

on a biweekly basis. If conditions persist or worsen, the AMP provides for progressively stronger adaptive measures, including additional increases in creek discharge, adjustment of injection or other controllable flows, temporary irrigation of stressed riparian vegetation, reduction of Well 9P7 pumping, increased monitoring and agency notification, and ultimately temporary suspension of affected WRF operations if lesser measures are ineffective.

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Pausch similarly concurs that the AMP's focus on monitoring, reporting, and making changes as suggested by qualified resource professionals ensures that the project will address any problems should they arise.

The end result is an AMP that is based on science-based triggers, required monitoring, a procedure for reporting, a TAC made of qualified resource professionals, and enforceable requirements to actually modify project operations to ensure resource protection, up to and including suspension of operations. This, combined with the overall premise that the CDP as approved by the County is not expected to lead to impacts (and should actually be beneficial for creek resources during periods of drought), results in a project that in totality the County, Commission, and general public can be assured will not result in any significant adverse coastal resource impact. As such, and again, while the appellants raise valid questions as to potential project impacts,²⁸ the Commission finds the project does not raise a substantial LCP conformance issue.

In sum, this project has a long history, and previous iterations of it, particularly the initial EWSP project as approved via ECDP by the County in 2014, did indeed raise some significant coastal resource concerns. However, the project as approved by the County has been substantially modified over the years in response to those concerns, and generally should be understood to protect existing water supplies and groundwater health, mitigate for unavoidable ESHA impacts, and include significant monitoring and management – with Commission oversight – to ensure same over time. The end result is a project that does not raise any substantial LCP conformance concern related to ESHA, water quality, and sensitive habitat protection.

Other Appeal Contentions

The Appellants also argue that the County-approved project did not adequately evaluate the project's energy consumption, particularly with respect to the ZLD facility, and will result in significant costs to the community, citing it as an environmental justice issue of concern. And one appellant has raised concerns specific to how project operations will affect their own agricultural wells and groundwater resources.

In their argument, the Appellant did not claim that Cambria qualifies as an environmental justice community. Nevertheless, issues of environmental equity and the benefits and burdens of environmental decisions are still important factors for the Commission to consider. The Commission notes that while Cambria faces distinct local environmental challenges, such as strict water supply limits and wildfire vulnerability in

²⁸ The Commission notes again that some appeal contentions raised questions about past project permutations, including water quality impacts from brine discharge into the Van Gordon Reservoir or as part of direct ocean discharge at the San Simeon Community Services District's ocean outfall. While the open reservoir was part of the original ECDP approved project and did indeed raise significant water quality concerns, the County's approval moving forward requires brine treatment either as part of the ZLD system or via trucking to a licensed wastewater treatment plant. In either case, the project will ensure all applicable water quality standards for brine treatment are followed, and the resultant project will not result in any significant adverse water quality impact.

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its native Monterey pine forests, the area does not exhibit cumulative pollution and socioeconomic stressors at levels sufficient to meet the criteria of a designated disadvantaged community using tools such as CalEnviroScreen and others.²⁹

The proposed project is intended to provide numerous public health and coastal resource benefits, including in terms of ensuring water security and reliability and protecting coastal resources through improved groundwater and creek health. All of these components are significant public benefits that provide security, resiliency, and adaptation for the Cambria community in an era of uncertainty due to climate change. At this broad level, the proposed project will not only benefit all Cambria residents and visitors with essential public benefits, but will also protect the water supply for residents who may be least able to absorb the consequences of severe water shortages or emergency water-supply measures.

That being said, it is true that the proposed project will be expensive, as is typical of all critical major public infrastructure projects, and the subsequent costs could impose a disproportionate burden on low-income rate payers. The CCSD indicates that the project represents an investment in the entire Cambria community, and should be paid for by the entire community; however, the CCSD has experience obtaining external funding to reduce project costs to the community, and will continue to seek grant funding and other measures to reduce the cumulative expense. The CCSD also has several programs to reduce service costs for lower-income residents³⁰ and has committed to ensure its operations do not disproportionately adversely affect those of limited means. These are real concerns to be sure, and is something the Commission grapples with up and down the state regarding the potential disproportionate impact the financing of critical infrastructure may have on those with the least ability to shoulder such additional expense. The Commission urges the CCSD to continue finding all means possible to ensure its operations are carried out in an equitable manner.

Lastly, with respect to potential impacts to other area wells and groundwater resources, there is no evidence to suggest that such impacts will occur. Nevertheless, the AMP includes groundwater-level monitoring designed to detect abnormal declines associated with WRF operations, including declines that could signal potential effects on groundwater availability for nearby users, such as neighboring irrigation wells. Where monitoring indicates such a decline and there is a reasonable possibility that WRF operations caused or materially contributed to the condition, the AMP requires further evaluation and an adaptive response, which may include adjustments to WRF operations and reductions in pumping. More broadly, as described previously, the AMP is structured to monitor for and identify potential problems before they develop into

²⁹ CalEnviroScreen is a tool developed by CalEPA's OEHHA per SB 535 (DeLeon) that generates a single cumulative impact score by combining 21 different environmental justice indicators to compare census tracts throughout the state and identify California communities that are disproportionately burdened by multiple sources of pollution.

³⁰ CCSD customers who participate in the CARE program through PG&E may be eligible for CCSD's low-income wastewater utility reduction program, which can allow for a 40% reduction in wastewater fees. Property owners may also receive a fire suppression assessment fee waiver.

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larger resource impacts and to require remedial actions as necessary. Thus, the CDP is equipped with appropriate tools to ensure that significant impacts to groundwater resources and existing groundwater users are avoided.

2. Conclusion

When considering a project on appeal, the Commission must first determine whether the project raises a substantial issue of LCP conformity or public access, such that the Commission should assert jurisdiction over the CDP application for such development. At this stage, the Commission has the discretion to find that the project does or does not raise a substantial issue of Coastal Act public access and/or LCP conformance. The Commission's regulations set out the following five factors that it may consider when determining whether the issues raised in a given appeal are "substantial" (14 CCR section 13115(c)):" the degree of factual and legal support for the local government's decision; the extent and scope of the development as approved or denied by the local government; the significance of the coastal resources affected by the decision; the precedential value of the local government's decision for future interpretations of its LCP; and, whether the appeal raises only local issues as opposed to those of regional or statewide significance. The Commission may, but need not, assign a particular weight to a factor, and may make a substantial issue determination for other reasons as well.

In this case, these five factors, considered together, support a conclusion that the County's approval of a CDP for this project does not raise a substantial issue of LCP conformance. First, in terms of the factual and legal support for the approved project, the County relied on over 12 years of data and modeling, including in response from Commission staff suggestions, to study potential project impacts and alternatives. Such data formed the basis of the project today, one significantly different than approved via ECDP in 2014. The County also appropriately analyzed the project against the LCP, making the affirmative findings at appropriately noticed public hearings at the Planning Commission and Board of Supervisors levels that the project is consistent with the LCP and will not result in significant coastal resource harm. The project also includes the AMP to ensure such requirements are carried out over time. Thus, there is adequate factual and legal support for the County's decision.

For the second factor regarding extent and scope, this is somewhat of a relative term. Compared to the EWSP approved in 2014, this is a much smaller and more benign project to be understood as one that will optimize existing water resources rather than a significant public works project that will result in a new water supply. When understood in this light, in that the project is meant to keep groundwater resources healthy, it lends itself to a no substantial issue determination. Regarding the significance of the coastal resources involved here, water supply and creek health are very significant in Cambria. But the project should result in a positive outcome to both, which too suggests a no substantial issue determination. Regarding precedent, the project is somewhat rare in that it involves groundwater recharge proposed by a public agency to protect its water supply, and is therefore not as ubiquitous as a single-family residence, for example. Thus, the analyses and assumptions that went into this project are not something that

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will be common. And in any event, the County appropriately studied and analyzed the project for LCP consistency and coastal resource protection. So while any one case is decided on its specific facts and merits, given the totality of the project at hand and the County's analysis of it, it does not raise any adverse precedential issues. Finally, regarding the last factor, while the resources at stake are important statewide objectives to protect (sensitive creek environs for listed species), the project is also meant to protect the water supply of existing users solely in Cambria. Both statewide and local concerns are therefore implicated.

Thus, in totality, the County's approval of a CDP for the proposed project does not raise a substantial LCP conformance issue. For the reasons stated above, the Commission finds that Appeal Number A-3-SLO-26-0017 does not present a substantial issue with respect to the grounds on which the appeal has been filed under Section 30603 of the Coastal Act.

3. APPENDICES

A. Substantive File Documents³¹

- San Luis Obispo County Development Permit and Coastal Development Permit (File DRC2013-00112)
- CEQA Mitigation Monitoring and Reporting Program
- San Simeon Creek Instream Flows Assessment, Stillwater Sciences (August 2024)
- Revised Final Subsequent Environmental Impact Report July 2017
- Addendum to the Revised Final Subsequent Environmental Impact Report July 2025

B. Staff Contacts with Agencies and Groups

- Cambria Community Services District
- San Luis Obispo County Department of Planning and Building
- California Department of Fish and Wildlife
- Central Coast Regional Water Quality Control Board
- United States Fish and Wildlife Service

³¹ These documents are available for review from the Commission's Central Coast District office.