



California Regional Water Quality Control Board

Central Coast Region



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Arnold Schwarzenegger
Governor

5/11

February 6, 2004

Mr. Mike Reilly, Chairman
California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, CA 94105-2219

Dear Chairman Reilly and Commissioners:

APPEAL OF COASTAL DEVELOPMENT PLAN/PERMIT NO. D020283D, LOS OSOS CSD WASTEWATER PROJECT, SAN LUIS OBISPO COUNTY

I am writing you regarding the appeal of the above referenced Coastal Development Permit for the Los Osos Community Services District (CSD) wastewater project. Please consider these five points regarding that appeal:

- Ongoing degradation of coastal resources (Morro Bay Estuary and local ground water) continues as long as septic systems are allowed to discharge partially treated wastewater in Los Osos.
- The Coastal Commission's unanimous approval of the Local Coastal Plan Amendment for the treatment facilities (in August 2002) supported the Los Osos CSD's design of the current project.
- The wastewater project is truly a community-based project in the fullest sense of the words.
- Further project delay will increase the cost burden to residents and allow continued coastal resource degradation.
- You should deny the appeal

Please consider the following elaboration on these five key points:

Ongoing Coastal Resource Degradation: Resolving Los Osos wastewater management problems has been one of this Regional Board's highest priorities for many years. Implementing the wastewater project is vital in order to restore the Los Osos ground water basin, protect the Morro Bay State and National Estuary, the shellfish industry in the Bay, and other marine resources. Degradation of ground water and surface waters from high-density use and septic systems in Los Osos will continue until the sewer system is built. Every day that the problem is not resolved, approximately one million gallons (356 million gallons a year) of partially treated wastewater is being discharged to the community's sole source of drinking water. Therefore it is essential that the project proceed as soon as possible.

Project Development after Coastal Commission Approval of Location: On August 8, 2002, the Coastal Commission unanimously approved a Local Coastal Plan Amendment to accommodate the proposed treatment plant location at the Tri-W property. Based upon this approval, the Los Osos CSD proceeded to design and undergo the extensive multi-agency permitting required for a project of this complexity. On July 24, 2003, after lengthy public hearing, San Luis Obispo County Planning Commission unanimously approved the Coastal Development Plan/Permit for the Los Osos Wastewater Project. On October 21, 2003, after a lengthy public hearing, the San Luis Obispo County Board of Supervisors unanimously denied appeal of the Coastal Development Plan/Permit. The project is not

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EO REPORT ATTACHMENT NO. 2
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LETTER TO MIKE REILLY

substantially altered from that which was considered by the Coastal Commission in 2002 (for the Local Coastal Plan Amendment).

The Community Based Wastewater Project: In 1997, the Coastal Commission postponed a decision regarding appeal of the County's community wastewater project, and granted the request of the residents of Los Osos to form a local CSD that would direct development and implementation of this important community infrastructure. In 1998, at the urging of the Coastal Commission, the community of Los Osos formed its own governing body (Los Osos CSD). Since then the Los Osos CSD has undertaken the monumental task of developing a wastewater project, which meets the goals and standards of a multitude of State and Federal resource agencies as well as community priorities. The project development and permitting process has included the most extensive public outreach, education and participation effort ever encountered by this Regional Board. This project and potential alternatives were rigorously evaluated and examined through a process of dozens of public workshops and meetings. The result of this effort is that the Los Osos CSD has developed a technically, environmentally and economically sound project to address community's water quality issues.

Delays Result in Increased Cost to Community: Millions of dollars have already been spent on the wastewater project design and purchase of property for the treatment and disposal facilities. In 2001, Los Osos property owners voted overwhelmingly to support forming an assessment district to finance the project. In November of 2002, bonds were sold to pay for a portion of the project and repayment of those bonds has already begun (on fall 2003 property tax assessments). In short, the community is already beginning to pay for the project. Due to the substantial cost of the project, the Los Osos CSD continues to pursue any available funding assistance in order to reduce costs to individual property owners. However, every month of project delay adds over \$150,000 to the cost of the project. Furthermore, delay also threatens potential loss of a \$64 million State Revolving Fund loan (an integral part of the wastewater project's funding package). Delay may also result in loss of a Community Block Grant to assist low income residents with project related expenses. Over the past two decades, delays have resulted in tens of millions of dollars of project cost increases. These financial impacts do not even consider the ongoing coastal resource degradation, which will continue until the project is implemented.

Deny Appeal/No Substantial Issue: My staff has reviewed the documents provided by the three appellants and finds no substantial basis to deny or alter the Coastal Development Plan or Permit. We do not believe there is a viable alternative project that would meet the community's water quality objectives and/or be more cost effective. Furthermore, delays will add to the cost of the project, as has been demonstrated repeatedly over the past decades. It is unreasonable to believe that the CSD could develop a project upon which every community member will agree. This project meets water quality requirements and when fully operational will begin the process of restoring degradation of coastal resources and ground water. We urge you to support this important environmental and public health protection project by **denying the appeal of the Coastal Development Plan/Permit No. D020283D for the Los Osos Wastewater Project at your March 2004 Meeting in Monterey.**

If there is any information our staff can provide (from the thirty year history and dozens of studies performed in Los Osos) please contact **Roger Briggs at 805-549-3140, Gerhardt Hubner at 805-542-4647, or Sorrel Marks at 805-542-3695.**

Sincerely,



Bruce Daniels, Chairman
Central Coast Region

California Environmental Protection Agency

cc:

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