

**STATE OF CALIFORNIA  
REGIONAL WATER QUALITY CONTROL BOARD  
CENTRAL COAST REGION**

**RESOLUTION NO. 00-004**  
Revised May 12-13, 2005

**AVILA BEACH SETTLEMENT WATER QUALITY PROJECTS**

**WHEREAS**, the California Regional Water Quality Control Board, Central Coast Region (hereafter “Regional Board”), finds that:

In June 1998, Unocal and several State agencies, San Luis Obispo County, the Environmental Law Foundation, Citizens for a Better Environment, and the Avila Alliance entered into an agreement to settle legal claims arising from the discharge of petroleum from Unocal’s pipelines beneath Front Street in Avila Beach. A total of \$1,000,000 was deposited in endowment with the San Jose State Foundation, which administers this money (Water Quality Fund). The settlement stipulated that 10 percent of the Water Quality Fund would be used for regional water quality monitoring. Approximately \$900,000 from the Water Quality Fund is dedicated for water quality improvement projects at and in Avila Beach.

The settlement set aside an additional \$6 million for restoration projects to be selected by the Department of Fish and Game’s Office of Spill Prevention and Response (OSPR). \$2.5 million of this trust is specified for use on studies concerning impacts to biological resources and restoration projects relating to injuries to those biological resources from the discharge. The remaining \$3.5 million is to be used for restoration projects relating to lost use and enjoyment of natural resources and public facilities in Avila including the beach. OSPR entered into a memorandum of understanding with the California Coastal Commission (Coastal Commission) for the review and selection of recreation projects for funding.

The settlement also set aside \$3 million for the Avila Beach Community Foundation (“Foundation”). The Foundation’s objective is to fund projects for the enhancement of the Avila Beach community. Included as part of the settlement, San Luis Obispo County was deeded three Avila Beach properties by Unocal.

Regional Board staff joined with OSPR and San Luis Obispo County Air Pollution Control District (APCD) in a collaborative effort to solicit and review proposals and collect public input. The APCD received mitigation money from Unocal based on air quality impacts due to the cleanup project. This combined multi-agency effort simplified the proposal and review processes for proponents. The collaborative process was also more efficient than three individual agency processes, allowing a higher percentage of funds to be spent on projects instead of administrative costs.

During the fall of 1999, a unified request for projects was sent to a very extensive mailing list. The mailer described each agency’s evaluation criteria and invited recipients to submit projects to the appropriate agency. Additionally, notices were printed in numerous newspapers throughout the state. Agency staff conducted a public workshop in Avila Beach during October 1999. At this meeting, representatives from each of the three participating agencies discussed their respective project evaluation criteria. Regional Board staff met with project proponents and members of the community. The agencies established a deadline of December 15, 1999, for proposal submittal. As a result of this request for proposals, the Regional Board and APCD received approximately 20 proposals each, with OSPR receiving over 80 responses. The funding requests received by the Regional Board totaled in excess of \$7 million.

As part of the collaborative effort, proposals that overlapped agency criteria were evaluated by each agency. As a result, Regional Board staff reviewed and ranked a total of 41 proposals in accordance with criteria established by the Regional Board in July 1998, and are as follows:

- 1) Water Quality Focus: Proposals focussed on protection and/or enhancement of water quality received higher scores. Projects must directly benefit or study ground water or surface water and their beneficial uses. For the purposes of this process, water quality improvement projects are defined as any project that investigates, preserves, protects, or improves the quality of ground water or surface water.
- 2) Geographical nexus: Staff gave highest scores to projects located in Avila Beach, and decreased value as with distance from original impact location. All proposals were located in the San Luis Obispo Creek watershed or on the Port San Luis coast.
- 3) Petroleum nexus: Proposals related to petroleum discharges or pollution were scored higher for this item.
- 4) Beneficial use type: Proposals that created some measure of future beneficial use protection were scored higher for the criterion.
- 5) Region-wide Use or Benefit: Projects providing both a local and region-wide value were scored higher for this category.
- 6) Leveraged Funding: Some projects were used as seed money to create a much greater or leveraged impact through contribution of matching funds. Scores in this category were based on level of leveraging proposed Regional Board funding.
- 7) Institutional stability and capacity: This is a measure of the proponent's ability to accomplish proposed scope of work.

Three Regional Board staff members used the above criteria and preliminarily ranked 41 project proposals. These rankings were made public in a second mailer package along with the initial rankings from the other two participating agencies. This package was again sent to a very extensive list of interested individuals. Regional Board staff held public office hours in Avila Beach on July 17, 2000, to receive public comment on the preliminary rankings. On July 18, 2000, a public workshop was held at the Sycamore Mineral Springs resort near Avila Beach. At this workshop, public opinion was measured for each of the over 100 projects submitted to the three agencies. Public preferences from this meeting were tabulated and recorded using electronic registration devices. Tabulated public opinion results from this meeting correlated reasonably well with initial rankings by Regional Board staff.

Opinions from the July meeting were considered as Regional Board staff reevaluated proposal rankings and formulated a draft spending plan. This proposed funding plan was made public prior to a second public meeting held on September 12, 2000 at Sycamore Springs. This meeting allowed each agency to collect public comment on their proposed funding plan, as well as enabling each agency to respond to questions. Written comments were also accepted with a final deadline of October 12, 2000.

The Regional Board staff's final recommendations were made following an extensive public participation process. In addition, staff consulted with OSPR to discuss mutual funding possibilities for several proposed projects before making their final recommendation to the Board. Staff also consulted with the APCD, Coastal Commission, Avila Community Services District, members of the community of Avila Beach, San Luis Obispo County, the City of San Luis Obispo, The Nature Conservancy, the San Luis Obispo Land Conservancy, California Polytechnic State University, San Luis Obispo, and Port San Luis Harbor District. The recommendations of OSPR, APCD, and the Coastal Commission were incorporated into staff's recommendation.

The draft recommendations were sent to interested persons for comment on August 23, 2000. Staff reviewed all comments and provided copies to the Regional Board.

At a public meeting on November 29, 2000, the Regional Board heard and considered comments and information presented at the meeting as well as the Regional Board record pertaining to conditional selection of water quality projects for funding from the Water Quality Fund.

A significant amount of interest accrued in the Water Quality Fund between 2000 and 2005. In March 2005, the Avila Beach Community Services District (CSD) requested this additional interest be directed to extension of its ocean outfall. After considering public comment, the Regional Board revised this resolution to direct and additional \$168,000 in interest and contingency to Avila Beach CSD, to fund extension of its ocean outfall, at their public meeting on May 12-13, 2005.

**THEREFORE**, the Regional Board hereby resolves:

1. \$100,000 from the Water Quality Fund shall be used for regional water quality monitoring projects as described in the November 29, 2000 staff report.
2. Subject to the conditions specified below, and subject to the descriptions and limitations in the staff report presented to the Board on November 29, 2000, the following projects are selected for funding from the Water Quality Project Trust:

**Avila Beach Mitigation Project Funding**

No.	Project Title	Project Proponent	RWQCB Funding	Total Project Value
1	Leucadia Ranch Property Acquisition - Irish Hills	The Nature Conservancy	\$250,000	\$12,000,000
2	Replacement and Extension of Wastewater Treatment Plant Outfall Diffuser	Avila Beach Community Services District (CSD)	\$233,000	\$480,450
3	Oil and Grease Filters in Stormwater drains	Tenera	\$15,460	\$30,920
4	Ayers Property Acquisition – Irish Hills	City of San Luis Obispo	\$50,000	\$1,250,000
5	Port San Luis Harbor boatyard upgrade	Port San Luis Harbor District	\$132,500	\$1,000,000
6	Oil Spill Response in Port San Luis/Avila Beach area	Matson Marine	\$25,000	\$50,000
7	South San Luis Obispo Creek Habitat Restoration	SLO Co. Land Conservancy	\$50,000	\$500,000
8	Continuous real-time water quality monitoring	Cal Poly - Biological Science	\$107,500	\$107,500
9	Replacement of the Marre Dam/ improved fish passage	SLO Co. Land Conservancy	\$50,000	\$1,000,000
10	Rehabilitation of Primary Clarifier at Wastewater Treatment Plant	Avila Beach CSD	\$30,000	\$105,000
11	Replacement of Influent Pumps and Restoration of Influent Wet Well at Wastewater Treatment Plant	Avila Beach CSD	\$205,000	\$230,000

Selection of proposals for funding by the Board is conditional, subject to successful negotiation of a detailed project description, scope of work, and funding agreement satisfactory to the proponent, and the Executive Officer. If the Executive Officer, at his sole discretion, determines that it is not likely an agreement will be reached, he will bring a recommendation to the Board to withdraw funding. If the Board withdraws funding, the affected funds will remain in the Water Quality Fund. Funding agreements will provide for payment based on successful completion of project milestones or deliverables. Regional Board staff will monitor and track the projects for compliance with the funding agreements, and will not approve disbursement of funds until project milestones or deliverables, as specified in the agreement, are met. Regional Board staff shall not approve disbursement of funds for projects until the project proponent demonstrates that all funds needed to complete the project or purchase have been secured. An exception to this condition may be made by the Executive Officer to fund a phase or segment of a project that can be separated from the entire project.

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Executive Officer

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Date