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Via Electronic Mail

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Gary Sheth
U.S. Environmental Protection Agency
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RE: Reissuance of a National Pollutant Discharge Elimination System (NPDES) Permit, Modified Under Section 301(h) of the Clean Water Act to Discharge Pollutants to Waters of the United States and the Proposed Settlement Agreement for the Morro Bay-Cayucos Sewage Treatment Plant

Dear Mr. Thompson and Mr. Sheth:

On behalf of California Coastkeeper Alliance, I write to oppose the issuance of the proposed 301(h) waiver for the Morro Bay-Cayucos Sewage Treatment Plant and request that your agencies adopt an upgraded time schedule that is "as fast as possible." In making our comments, I incorporate comments submitted by the Natural Resources Defense Council. This letter emphasizes that delaying an upgrade (as currently proposed) is not cost effective, and that the upgrading communities face a significant risk of losing out on available funds if they fail to act now.

The upgrading communities need to move forward expeditiously due to available funds now, and uncertainty regarding funding in the future. For example, the State Revolving Fund: <http://www.swrcb.ca.gov/funding/srf.html> has only just resumed accepting applications after suspending funding in 2003.

The Federal Water Pollution Control Act (Clean Water Act or CWA), as amended in 1987, provides for establishment of a State Revolving Fund (SRF) loan program. The program is funded by federal grants and State bond funds. The purpose of the SRF loan program is to implement the CWA and various state laws by providing financial assistance for the construction of facilities or

implementation of measures necessary to address water quality problems and to prevent pollution of the waters of the State. The SRF Loan Program provides low-interest loan funding for construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water reclamation facilities, as well as expanded use projects such as implementation of nonpoint source (NPS) projects or programs, development and implementation of estuary Comprehensive Conservation and Management Plans, and storm water treatment.

Since 2003 the SRF loan program has not been taking new applications or processing existing loan projects that did not have a preliminary funding commitment from the State Water Board. The reason for this was that the funds available to the program had been fully committed to existing projects. The State Water Board is now preparing to proceed with a Revenue Bond issuance to further leverage the SRF program to make funds available for loans. In anticipation of funds being available in the near future, the State Water Board began accepting new applications in fall 2005, and resumed processing those applications that were previously under review (*i.e.*, waitlisted). As the Water Board's website indicates, "future funding will be limited...." The SRF application process is a continuous application process, and given that the funding can run out, those that are in line will fare best when limited funds are periodically available, as they are right now.

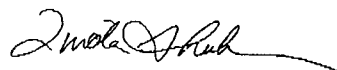
Similarly, the Small Community Wastewater Grant (SCWG) Program, funded by Proposition 40 and Proposition 50, provides grant assistance for the construction of publicly owned wastewater treatment and collection facilities in small communities with financial hardships. Communities must comply with population restrictions (maximum population of 20,000 people) and annual Median Household Income (MHI) (maximum annual MHI \$37,994) provisions to qualify for funding under the SCWG Program. Morro Bay and Cayucos may well meet these requirements.

Funding through the SCWG Program will be provided only to local public agencies. Priority will be given to those agencies who seek to install or repair sewer systems in communities that lack adequate sewer systems and to assist the expansion of systems in communities with population growth pressures. Again, this is bond funding only available for a short time; only those municipalities that act quickly and decisively will be assured a portion of these funds.

While the Administration has bond initiatives being debated in the Legislature at this time, those initiatives do not currently have a focus on wastewater treatment, and their success in any event is speculative. By far the most fiscally prudent course of action is an upgrade schedule that is "as fast as possible," to allow the community to seek SRF and bond monies that are available now to support that action.

Thank you for your attention to these comments.

Regards,



Linda Sheehan
Executive Director