

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

STAFF REPORT FOR REGULAR MEETING OF MAY 14, 2004

ITEM NUMBER: 8 and 22

SUBJECT: Supplemental Environmental Project For Mandatory Penalty Order
No. R3-2004-008, City of Pismo Beach, San Luis Obispo County

SUMMARY

On February 6, 2004 The Board heard the case for Mandatory Minimum Penalties Order No. R3-2004-008, to assess the City of Pismo Beach (The City) penalties in the amount of seven hundred and thirty five thousand dollars (\$735,000). Of that amount The City is eligible to propose a Supplemental Environmental Project (SEP) to which as much as \$375,000 of the pending Mandatory Minimum Penalties (MMP) could be applied. In the absence of a viable SEP, the Board continued the hearing to the May 14, 2004 meeting to allow the City to work with Regional Board staff to develop an SEP that is effective, and meets the criteria of the State Board's Enforcement Policy.

DISCUSSION

City staff worked in conjunction with a variety of local firms, non-profit groups, and Regional Board staff to identify a broad variety of needs, which could be addressed through this SEP. This staff report describes five main elements that the City has proposed to include as an SEP. Each of the elements address beneficial needs and/or uses concerning the Pismo Beach coastline, the Pismo Creek and adjacent watersheds within the region, as well as two educational elements. Each element includes the expected deliverables to the extent that they can be determined at this time. All funds not specifically earmarked will be placed in a City of Pismo Beach Project Implementation Fund, as described in the "Institution Designated to Be Holder of Funds" portion of this staff report.

The City's proposed SEP elements are as follows:

1. **Wastewater Reclamation Feasibility Study:** This element of the SEP will provide a recommendation for the feasibility of producing limited amounts of highly treated wastewater. The study will investigate recycled water quality with respect to key agronomic parameters such as sodium adsorption ratio, chlorides, TDS and electrical conductivity, nitrogen compounds, boron and others. It will also include a recycled water market assessment, which will include a review of parks, school, golf courses, Caltrans right-of-way, and potential new commercial/hotel development. The City has chosen John Wallace and Associates to prepare a proposed upgrade to wastewater facilities, a treatment process train, and cost analysis for a tertiary upgrade to the wastewater treatment plant to meet Title 22 unrestricted effluent limitations for reuse. Alternative analysis of various options for treating and conveying recycled water to identified markets will be conducted. The cost analysis will also include operating costs and payment options in a final recommendation. Deliverables will include the draft and final report. City and Regional Board staff will review the draft and be allowed a 30-day comment period prior to submission of a final report.

Cost: \$30,000

Draft report Due December 15, 2004

Final Report Due: February 15, 2005

2. Wastewater Biology Courses:

Wastewater biologist Michael H. Gerardi has been teaching wastewater biology for Penn State for more than 25 years. His insights and training were credited for the recent operational turnaround at the Pismo treatment plant. Plant Operators were able to apply Dr. Gerardi's training and insight to dramatically reduce problems with filamentous bacteria blooms. Dr Gerardi will provide four (4) two-day sessions covering wastewater biology for activated sludge plants, wastewater biology for trickling filter plants, wastewater laboratory practices, anaerobic digestion, and aerobic digestion. All classes would be free of charge to operators throughout the region. This will provide valuable training so other plants can avoid similar bacteria blooms and their associated problems from impacting treatment plants and the waters to which they discharge throughout our region. These classes will be coordinated between City staff and permitting staff at the Regional Board. At the completion of this element, deliverables will include the eight (8) class sessions (four two-day classes), a list of attendees, and a full accounting of the costs associated with the classes. Staff estimates that the classes will cost \$40,000. Any unused funds will be transferred to the Project Implementation Fund.

Cost: \$40,000

Time schedule:

All training completion by June 15, 2005

- 3. Agricultural Short Courses:** The Farm Water Quality Planning program is a coordinated effort by the University of California Division of Agriculture and Natural Resources cooperating with the USDA Natural

Resource Conservation Service (NRCS) to improve water quality education to the irrigated agriculture industry in California.

Course participants complete non-point source site-assessments that integrate production goals with water quality, habitat conservation, and soil conservation goals. The City will set aside enough funds to conduct as many as eighteen (18) courses, educating as many as 550 growers. SLO County has an estimated 545 growers. These funds will initially focus on providing for growers in the Pismo Creek watershed, but will be open from growers throughout San Luis Obispo County. This element of the SEP would provide that, at a minimum, all growers in SLO County will have the opportunity to meet the Ag waiver requirements and develop farm plans. These plans prevent erosion and lead to improved water quality of surface waters throughout the region. Deliverables of this element will include quarterly updates of the classes funded with this money and full accounting of the costs associated with the classes. Any unused funds will be transferred to the Project Implementation Fund.

Cost: \$75,000

Time Schedule:

Quarterly updates beginning October 15, 2004
Completion by June 15, 2006

4. Pier Area Bacteria Source

Tracking: The City will work with County Health and Regional Water Quality Control Board staff (Central Coast Ambient Monitoring Program) to locate and secure an individual, agency or firm that will provide sampling and commercial laboratories that can perform testing of samples at various points in the vicinity of the Pismo Beach pier to determine types of contamination, their concentrations, and any possible solutions. Methods may include genetic fingerprinting techniques in

addition to standard bacterial quantification methods. Deliverables will consist of a detailed report of the findings and potential solutions. Quarterly progress reports will be provided to the Regional Staff.

Cost: \$30,000

Time schedule:

First Quarterly report due October 15, 2004

Completion by June 15, 2005

5. **Pismo Creek, Watershed Management Plan:** Central Coast Salmon Enhancement group will develop a comprehensive management plan for the Pismo Creek Watershed. The study area will include the upper reaches and tributaries and will include an assessment of current conditions, community outreach and identification of projects and methods to improve water quality. The Regional Board's Non-point Source Unit will oversee and track the development of the plan (including scopes of work, work plans and deliverables). Salmon enhancement will provide Regional Board Staff quarterly updates on plan development and invoices will be submitted for reimbursement as deliverables are approved.

Cost: \$100,000

Time schedule:

First Quarterly Update October 15, 2004

Project Completion: November 15, 2005

Implementation Phase: These five elements will comprise no more than \$275,000 of the total SEP amount. The remaining \$100,000, (plus any not used in completing the first five elements) will remain in the City of Pismo Beach Project Implementation Fund at the designated Fiscal institution, and will be used in completing projects identified in Element 5 of the SEP.

The remaining \$100,000 will be expended on implementation of identified components of the Pismo Creek Watershed Management Plan, as approved by the Executive officer.

Institution Designated to be Holder of City of Pismo Beach SEP Project Implementation Fund

The San Luis Obispo County Community Foundation was established in 1998 to help distribute charitable funds within San Luis Obispo County to meet community needs. The Foundation is a low cost, non-affiliated, and non-profit public trust that was determined by staff to meet all the needs of this unique SEP solution. The foundation will draw a small fee (1.5%) to maintain and disperse these funds as authorized by the Executive Officer.

In order to avoid unnecessary fees from a fiscal institution, staff recommends that the first three elements of the SEP be paid directly by the City to the party that will actually perform the work ("grantee"). If the minimum expectations of each element, as defined by this staff report, are not met to the satisfaction of the Executive officer, the full amount due will be paid by the City to the Project Implementation Fund held by the San Luis Obispo County Community Foundation.

The \$200,000 remaining for the final two elements, which will require varying degrees of implementation tracking on the part of the Regional Board, will be paid directly to the San Luis Obispo County Community Foundation. The foundation will act as the bursar of funds and will provide payment of invoices approved by Regional Board Executive Officer. The City of Pismo Beach will expend three hundred and seventy five thousand dollars (\$375,000) to implement and complete the SEP described in Finding No. 21 of this Order and shown in the table below. The responsible parties for each element will complete each associated element to the satisfaction of the Executive Officer.

Element	Grantee or Responsible Party	Date of Completion	Amount Due
Wastewater Reclamation Feasibility Study	John Wallace And Associates	February 1, 2005	\$30,000
Wastewater biology Courses	Michael H. Gerardi	June 15, 2005	\$40,000
Agricultural Short Courses	University of California Cooperative Extension	June 15, 2006	\$75,000
Pismo Creek, Watershed Management Plan	The San Luis Obispo County Community Foundation.	November 15, 2005	\$100,000
Pier Bacteria Source Tracking	The San Luis Obispo County Community Foundation.	May 14, 2005	\$30,000
Implementation Fund	The San Luis Obispo County Community Foundation.	May 14, 2009 (Fund termination date)	\$100,000

The City will transfer specified amount to the above listed parties.

The Project Implementation Fund will be liquidated by May 14, 2009 (5 years). Funds remaining in the account at that date will be forfeited to State Water Resource Control Board, Cleanup and Abatement Account. Provisions have been included to allow the Executive Officer to extend this deadline if delays arise beyond the responsible party's control.

RECOMMENDATION

Staff supports all components of this SEP proposal and recommends that it be adopted as proposed.

ATTACHMENTS

1. City of Pismo Beach March SEP Proposal and Qualification Criteria
2. Proposed Order No. R3-2004-008