

CALIFORNIA COASTAL COMMISSION

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May 27, 2004

Bruce Buel
General Manager
Los Osos Community Services District
PO Box 6064
Los Osos, CA 93402

**Subject: De Novo Review of Coastal Development Permit Application No. A-3-SLO-03-113
for the Construction and Operation of Wastewater Treatment Facilities to Serve
the Los Osos Urban Area**

Dear Mr. Buel:

As you know, on April 15, 2004, the California Coastal Commission determined that the appeals of the above referenced permit application raised substantial issues. As a result, the Commission found “substantial issue” and accepted the appeal. After staff has reviewed the additional information needed to address issues of concern, the permit application will be scheduled for a *de novo* hearing before the Commission. Issues of concern include, but are not limited to:

- ⌚ The failure to complete the Habitat Conservation Plan prior to the processing of this permit application as required by the LCP;
- ⌚ The proximity of Lupine pump station to wetlands;
- ⌚ Discharge of harvest water directly into the Bay;
- ⌚ Wetland impacts resulting from shutting down existing septic systems;
- ⌚ Deletion of community amenities and other project design changes to what had been included in the proposed project at the time the Commission conceptually approved the District preferred location in 2002;
- ⌚ What project changes would result if the District loses in pending litigation with water providers; and
- ⌚ The potential feasibility of an environmentally superior alternative site for the treatment plant.

After staff has received and reviewed the information provided by the District to address identified issues, we will schedule the Coastal Development Permit (CDP) for action by the Commission. As discussed at our April 30, 2004 meeting with Director Hensley, Commission Executive Director Douglas, and project staff, the following information is needed to complete this review:

1. Habitat Conservation Plan (HCP)

The San Luis Obispo County Local Coastal Program (LCP) and the project Environmental Impact Report (EIR) require that an HCP be prepared prior to the coastal development permit application. While the District has made substantial progress in preparing an HCP, a draft plan has not yet been released for public review. As we discussed in our April 30 meeting, in order to expedite permit action, it will suffice for our immediate purposes if the District completes and acts on an HCP applicable to the prohibition area. Completion of a larger HCP for areas outside the prohibition area can come later but would be a condition of new development. Public and interagency review, as well as District adoption of the prohibition area HCP, must occur prior to the De Novo review. Final approval of the entire HCP by the US Fish and Wildlife Service and the County, and certification by the Coastal Commission of an LCP amendment incorporating the HCP into the Estero Area Plan, will be recommended by Commission staff as prerequisites to the approval of any new development within the service area.

2. Wetlands

Please delineate the wetland adjacent to the proposed Lupine pump station according to Coastal Act standards. Please also evaluate if any of the other pumps stations or collection facilities may impact wetland areas, and provide additional plan details and delineations as necessary.

In response to concerns regarding potential impacts of septic system decommissioning on wetland areas and associated special status species, please analyze the relationship between septic systems and the wetland habitats adjacent to Third Street, Sweet Springs marsh, near Los Olivos and Mountain View, and other localized wetlands, and address potential opportunities to respond to such impacts through adjustments to effluent and harvest water disposal plans, and/or re-use of leach fields for stormwater management.

Finally, please respond to concerns regarding the potential wetland impacts associated with the proposed boring between Butte and Henrietta by evaluating alternative alignments, analyzing whether geologic conditions are favorable for such boring, and identifying the precautions that will be implemented during boring to avoid and minimize potential adverse affects.

3. Siting Alternatives

As noted above, the Commission requested the District to provide a more detailed analysis of the feasibility of locating the treatment plant at the Andre site. In this context, we noted that the Andre site was the environmentally preferred site in the project EIR and asked for more information why it was not selected. Towards this end, staff previously requested that the district provide a detailed comparison of costs and potential impacts to coastal resources (e.g., biological, agricultural, scenic, cultural), and other relevant constraints (e.g., geologic hazards).

I received your letter of May 21, 2004 which suggests that such a detailed evaluation is not warranted due to land use limitations set forth in the deed for the property. We will need information about the potential for acquisition of the property by the District and elimination of

the use restrictions. Additionally, please evaluate whether parcels adjacent to the Andre site provide a feasible opportunity to reduce potential project impacts.

4. Disposal of Harvest Water and Construction Dewatering

Please provide more information regarding potential impacts from the disposal of harvest well water, as well as construction dewatering, on the health and biological productivity of Morro Bay. What is the potential for such discharges to contribute pollutants to the Bay or upset the saltwater/freshwater balance upon which particular habitat areas may depend? What is the status/need for RWQCB permits for such discharges? To what degree could potential adverse impacts from harvest well-water disposal be avoided or minimized by adding additional percolation fields, re-using existing leach fields, and/or using harvested water and/or treated effluent for agricultural purposes? To the degree the District will be relying on irrigation to dispose of harvested groundwater, please provide evidence of agreement from the participating property owners. Similarly, please document the capacity of the treatment and disposal systems to accommodate additional inputs from harvested groundwater anticipated by the district.

5. Project Service Area

Please analyze the cost/benefit of expanding the treatment service area to include all areas within the urban services line (e.g., Cabrillo Estates). Is it anticipated that future service of this area may be needed, and if so, could it be provided by future expansion of the proposed treatment plant?

6. Collection System

Please identify whether the STEP/STEG method of collection is a feasible and environmentally preferable alternative, and if so, evaluate the implications of revising the collection system accordingly.

7. Treatment Needs

Thank you for providing a copy of the San Luis Obispo County Superior Court's Statement of Decision dismissing Cal Cities' lawsuit against the RWQCB. Given the potential for this decision to be appealed, questions regarding the adequacy of the proposed treatment remain relevant to the Commission's review. Commission staff therefore continues to request that the District identify the changes to the project that could be needed to resolve the issues raised by Cal Cities' lawsuit and analyze the impacts to coastal resources that would result from such changes.

In addition, please respond to concerns that have been expressed regarding the proposal to transport sludge to a treatment facility in Santa Maria. Can this be relied on as a safe and effective means of managing sludge for the life of the project? As part of the analysis of the siting alternatives analysis requested above, please address the costs/benefits of acquiring an

alternative site of adequate size and distance from population centers to accommodate the facilities necessary to handle sludge disposal.

8. Visual Impacts

In the event that the District continues to pursue the Tri-W site after completing the alternatives analysis, it will be necessary to document the actual height and dimensions of all structures proposed for the site (including screening walls), using story poles, flagging, and/or netting. This information is needed to accurately assess visual impacts of the project on the community as raised by appellants.

9. Logistical Issues Associated with Project Construction

Please respond to concerns regarding the availability of qualified native American archaeological monitors to effectively carry out the proposed archaeological mitigation measures, and the availability of contractors and septage disposal facilities to accommodate the proposed rate of septic tank decommissioning.

Thank you in advance for your cooperation in responding to these issues of concern. Obviously, we may have additional questions as we proceed with our analysis and evaluation in preparation for the Commission's De Novo review of this project.

Sincerely,

Steve Monowitz
Permit Supervisor
Central Coast District

cc: Appellants (Julie Tacker/CCLO, Al Barrow/CASE, Dr. Pravin Bhuta)
Nancy Orton, San Luis Obispo County Planning Department
Sorrell Marks, Central Coast Regional Water Quality Control Board
Deb Hillyard, California Department of Fish and Game
Steve Kirkland, US Fish and Wildlife Service