



NOTICE OF PREPARATION

Date: August 5, 2016

To: California Office of Planning and Research, Responsible and Trustee Agencies, and Other Interested Parties

Subject: Notice of Preparation of an Environmental Impact Report

Project: Morro Bay Water Reclamation Facility

Lead Agency: City of Morro Bay

Review Period: August 8, 2016 to September 7, 2016 (30 days)

This Notice of Preparation (NOP) has been prepared to notify agencies and interested parties that the City of Morro Bay as the Lead Agency will prepare an Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA) for the proposed Morro Bay Water Reclamation Facility (WRF or proposed project). The proposed project will provide wastewater treatment services for the City and potentially additional nearby customers. The proposed project is intended to provide opportunities for the City to produce and beneficially reuse advanced treated recycled water and would meet or exceed all wastewater treatment requirements of the State Water Resources Control Board. The proposed project includes all necessary pipeline collection and conveyance infrastructure needed to support the treatment facility itself. The existing Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) would be replaced by the proposed WRF, and its eventual decommissioning is also considered part of the proposed project. Additional information about the proposed project is included in Attachment A to this NOP.

Project Location: The Morro Bay WRF would be constructed on an approximately 10-acre area within a 396-acre parcel (APN 073-101-017) located in unincorporated San Luis Obispo County, adjacent to the City boundary and north of State Highway 1 at South Bay Boulevard (see Figure 1). The City intends to create a new parcel using the “Public Lot process” and pursue annexation of the City facility parcel. The proposed project also would include a pump station at or in the vicinity of the existing WWTP to convey raw wastewater to the WRF site and pipelines to transport raw wastewater from the existing WWTP to the WRF site; treated recycled water from the WRF site to end use locations; and brine or wet weather discharges to the existing outfall. Pipelines would be located primarily within rights-of-way of existing City streets.

Public Comments: The City of Morro Bay is soliciting the views of responsible and trustee agencies as well as interested persons as to the scope and content of the environmental information to be included in the EIR. In accordance with CEQA, agencies are requested to review the project description provided in this NOP and provide comments on environmental issues related to the statutory responsibilities of the agency. The EIR will be used by the City of Morro Bay when considering approval of the proposed project as well as any related discretionary approvals.

All comments to the NOP are due no later than **September 7, 2016**. Please send your comments to the mailing address or email addresses shown below. Include a return address or email address and a contact name for your agency or group with your comments.

Email comments to:	Mail comments to:
John Rickenbach Deputy Program Manager City of Morro Bay jrickenbach@morrobayca.gov and Jennifer Jacobus EIR Project Manager jjacobus@esassoc.com	John Rickenbach Deputy Program Manager City of Morro Bay 955 Shasta Avenue Morro Bay, CA 93442

Scoping Meeting: The City will hold a public meeting to receive comments and suggestions about the issues to be included in the EIR. The scoping meeting will include a brief presentation, providing an overview of the proposed project. After the presentation, oral comments will be accepted. Comment forms will be supplied for those who wish to submit comments in writing at the scoping meeting; written comments may also be submitted anytime during the 30-day NOP review period. The scoping meeting will be held as follows:

Tuesday, August 16, 2016, 4:00 p.m.
 Veterans Memorial Building
 209 Surf Street
 Morro Bay, CA 93442

Document Availability: Copies of the NOP and project documents are available on the Morro Bay WRF web page (<http://morrobaywrf.com/>); at the Morro Bay Public Library (625 Harbor Street, Morro Bay); at City Hall (595 Harbor Street, Morro Bay); and in the Public Services Department (955 Shasta Avenue, Morro Bay).



SOURCE: ESRI 2015

Morro Bay Water Reclamation Facility Project. 150412

Figure 1
Project Location

Attachment A

Introduction and Background

The Morro Bay-Cayucos Wastewater Treatment Plant (WWTP) is currently located at 160 Atascadero Road in Morro Bay (Figure 1). The WWTP is jointly owned by the City of Morro Bay and the Cayucos Sanitary District (CSD). The WWTP provides primary and secondary treatment to all wastewater effluent produced in Morro Bay and Cayucos, with a capacity of 2.36 million gallons per day (MGD) for peak seasonal dry weather flow. The WWTP currently operates under a modified discharge permit, which allows a disinfected blend of primary and secondary treated effluent to be discharged through the ocean outfall, which terminates approximately 2,900 feet offshore into the Pacific Ocean.

The Federal Water Pollution Control Act Amendments of 1972, or Clean Water Act (CWA), required that publicly-owned wastewater treatment works (POTWs) like the WWTP achieve secondary treatment capability by 1977. Section 402 of the CWA established the National Pollutant Discharge Elimination System (NPDES) permit program to implement this requirement by regulating point source discharges, such as discharges from POTWs, into waters of the U.S. An NPDES permit sets specific limits for pollutants in point source discharges and establishes monitoring and reporting requirements.

Section 301(h) was added to the CWA in 1977 to allow POTWs that discharge into marine waters to apply for a variance from secondary treatment requirements if they could meet specific discharge criteria. It was determined that secondary treatment might not be necessary for ocean discharges due to greater dilution and dispersal potential relative to discharges into freshwater systems. Section 301(h) allowed the U.S. Environmental Protection Agency (EPA) to review and grant variances from secondary treatment requirements on a case-by-case basis.

In accordance with Sections 301(h) and 402 of the CWA, the existing WWTP is operated under a modified NPDES Permit No. CA0047881 issued by the U.S. EPA and the Central Coast Regional Water Quality Control Board (RWQCB). Based on an agreement with the RWQCB, the City of Morro Bay and CSD had previously pursued bringing the existing facility to full secondary treatment in place of continued requests for a 301(h) modified discharge permit. The agreement allowed the City and CSD to pursue secondary treatment on a schedule that was mutually agreed upon by both agencies and the RWQCB. In January 2011, the City as the CEQA Lead Agency certified the Final EIR for the WWTP Upgrade Project, which would have upgraded the existing WWTP to provide full secondary treatment for all effluent discharged through the ocean outfall and tertiary treatment for 1.5 MGD peak season dry weather flow. Subsequently, the City prepared a Coastal Development Permit (CDP) application for the WWTP Upgrade Project, which was appealed to the California Coastal Commission (CCC). At its January 10, 2013 meeting, the CCC voted to deny the CDP for construction of an upgraded WWTP at its existing location. In summary, the basis for denial included consistency with the Local Coastal Plan's zoning provisions, failure to avoid coastal hazards, failure to include a sizable reclaimed water component, and project location within an LCP-designated sensitive view area.

Following the CCC decision, the City began a robust effort to identify and analyze potential alternative sites for a new Water Reclamation Facility (WRF). The CSD is pursuing future options for wastewater treatment for its service area independently of the City. The City solicited input from the public through

stakeholder outreach, stakeholder interviews, multiple public workshops, and multiple City Council meetings. Using alternative screening analyses that had been done in 2011 as a starting point, combined with the input received from stakeholders and the public, the City considered 17 sites for the proposed WRF, documented in six reports¹ that can be found on a dedicated web site established specifically for the proposed project: <http://morrobaywrf.com>. The sites were systematically compared and ranked repeatedly based on a number of criteria, including opportunities and constraints, environmental and physical site issues, and regulatory and permitting issues. The Morro Bay City Council selected the South Bay Boulevard Site, shown in Figure 1, as the proposed location for the new WRF to be carried forward and evaluated during the CEQA process.

Project Need and Objectives

With implementation of the proposed project, operation of the Morro Bay WRF would meet future NPDES permit requirements as determined by the Central Coast RWQCB. The proposed project also would protect all beneficial uses and water quality objectives for Estero Bay as defined by the California Ocean Plan.

The proposed project objectives are as follows:

- Produce tertiary, disinfected wastewater in accordance with the California Code of Regulations (CCR) Title 22 requirements for unrestricted urban irrigation.
- Design to be able to cost-effectively produce reclaimed wastewater for potential users, which could include public and private landscape areas, agriculture, or groundwater recharge.
- Design to treat contaminants of emerging concern in the future.
- Design for optimal energy recovery.
- Design to allow for other possible municipal functions at the WRF site.
- Ensure compatibility with neighboring land uses.

Project Components

The proposed project would be implemented in two phases. Phase 1 would build a 1.2 MGD (approximate maximum month flow or MMF) treatment facility at the WRF site that would produce tertiary-treated, disinfected water. Phase 1 would allow the City to meet the RWQCB requirements and timeline for upgrading to at least full-secondary treatment, and would exceed this minimal requirement through development of a tertiary treatment facility with disinfection. Implementation of Phase 1 would allow for the decommissioning of the existing WWTP. During operation of Phase 1, tertiary-treated and disinfected recycled wastewater may be discharged through the existing ocean outfall until recycled water

¹ Rough Screening Report (2011); Fine Screening Report (2011); Options Report (December 2013); Report on Reclamation and Council Recommended WRF Sites (May 2014); Comparative Site Analysis (December 2014); Report to City Council on Potential WRF Sites (April 2016)

facilities are implemented. Additionally, peak flows above the capacity of the reclamation capacity (e.g. wet weather) may be discharged to the Pacific Ocean utilizing the jointly-owned ocean outfall.

Phase 2 of the proposed project would be implemented once the City has determined the ultimate beneficial end uses for recycled water to be produced at the WRF. Timing may coincide with construction of Phase 1 or shortly thereafter. Implementation of Phase 2 would include construction and operation of an advanced water treatment facility (AWTF) at the WRF site and associated infrastructure to convey advanced-treated recycled water to the ultimate end uses. The objective of the facility is to cost-effectively reuse as much water as possible, but sizes of facilities will depend on delivery opportunities and costs to treat and convey water. Such facilities will be described in the Master Reclamation Plan currently being prepared by the City. The City will make every effort to accelerate Phase 2 to coincide with Phase 1, if possible, but it is assumed that pursuit of grants and funding, agreements with potential users, hydrogeologic studies, and water rights procurement could realistically take longer than the City Council's expedited schedule goal for construction of a new WRF.

Treatment Facility

The Phase 1 and Phase 2 treatment facilities would be built on approximately 10 acres within the proposed WRF site and would have a total treatment capacity of 1.2 MGD MMF. The specific layout and site area needs will be determined through the Facility Master Plan (FMP), which is currently being prepared. Since the WRF site is located in unincorporated San Luis Obispo County, the proposed project would include annexation of the WRF site into the City of Morro Bay. The specific treatment method, technologies, and design of the facilities are currently in progress. The facilities associated with Phase 1 will be described in the FMP, including processes to produce disinfected tertiary water, handle residual solids, and advanced treatment alternatives for a range of possible water reuse alternatives. The FMP will be completed approximately December 2016. Phase 2 will be addressed in detail in the Master Reclamation Plan, and will involve an evaluation and selection of the advanced treatment processes presented in the Facility Master Plan based on the various water reuse alternatives developed through the Master Reclamation Plan process. The draft Master Reclamation Plan will be completed approximately March 2017.

Force Main and Pump Station

The proposed project will require some minor modifications to the existing sewer collection system. Generally, however, all wastewater would continue to flow to, or near to, the existing WWTP site, where new facilities would be built to connect the existing wastewater infrastructure to the proposed WRF site. As part of Phase 1, a new force main would be built, beginning at or near the existing WWTP site and likely traveling east within the rights-of-way (ROWs) of existing streets to the new WRF site. A new pump station would be built at the existing WWTP site to pump raw wastewater uphill through the force main to the new WRF site. The City will also implement modifications of other lift stations to tie into the new force main and divert flows on the east side of town from the gravity collection system.

Recycled Water Pipeline

Under Phase 1, tertiary-treated water would temporarily be discharged through the existing ocean outfall, similar to existing conditions, until a recycled water distribution system is constructed and commissioned.

The size and capacity of the outfall is sufficient to accommodate the proposed project. Thus, a pipeline would be built to convey recycled water from the WRF site back to the existing WWTP to connect to the ocean outfall. Flow through the pipeline would likely be gravity driven based on topography. The pipeline would be designed to handle full capacity flow from the WRF, although discharges through the pipeline and outfall are intended to decrease with implementation of Phase 2 as advanced-treated recycled water is diverted elsewhere for beneficial reuse.

Reclamation and Reuse

Under Phase 2, a recycled water distribution system would be built to convey water to users in the City or possibly to locations within either the Morro Valley or Chorro Valley, based on users to be determined through the Master Reclamation Plan. Phase 2 facilities may include, but not be limited to, additional pipelines, pump stations, injection wells and monitoring wells. One of the proposed project's ultimate goals is to enhance the City's water supply portfolio. Potential opportunities for recycled water use include:

- Direct reuse and "in-lieu" groundwater recharge through delivery to landscape irrigation, open space irrigation, and agricultural irrigation.
- Exchange of recycled water and groundwater with agricultural users.
- Groundwater recharge through injection wells.
- Seawater intrusion barrier.
- Other permitted beneficial uses per CCR Title 22.

Each of these opportunities may require storage, distribution, pumping, turnouts, and delivery facilities. Phase 2 may incorporate any combination of the uses and facilities summarized above. Although Phase 2 would result in decreased discharges of recycled water through the ocean outfall, brine produced during the advanced treatment process at the AWTF would be discharged through the outfall.

Potential Environmental Impacts

The EIR will assess and disclose the reasonably foreseeable direct, indirect, and cumulative impacts that would likely result from the construction and operation of the proposed project. Potential impacts to resources listed in Appendix F and Appendix G of the CEQA Guidelines are summarized below. The EIR will identify mitigation measures if necessary to avoid, minimize, and offset potentially significant impacts of the project. The EIR also will describe the alternatives screening analysis conducted for the proposed project, evaluate alternatives to the proposed project that would avoid, minimize, and offset potentially significant impacts of the project.

Aesthetics

The proposed project would be located near State Highway 1 (approximately 1,700 feet northerly of the Highway at its closest point), which is a scenic highway and relatively near the coastline. Potential direct and indirect visual impacts could occur both during construction and after the treated water facilities and related infrastructure are built and operating. The EIR will identify the visible changes to scenic

resources, scenic vistas, and visual character of the project area due to development of the treatment facilities, pump station, and force main and associated pipelines within the viewshed.

Agricultural Resources

The proposed WRF would be located on agricultural land and rangeland. The proposed project would require construction of facilities and pipelines that could disturb, displace, or impact existing agricultural resources. The EIR will assess the potential for the proposed project to conflict with agricultural land uses and zoning.

Air Quality

Construction and operation of the proposed project could result in additional air emissions associated with ground disturbance during construction, material hauling, vehicle trips associated with construction worker commutes, and operational vehicle trips due to facility operation and maintenance. The EIR will estimate pollutant emissions from construction and operational activities and evaluate emission levels against federal, state, and local standards and thresholds.

Biological Resources

The proposed project could affect wildlife habitat and special-status species during construction or operation. The proposed project could potentially affect biological resources in either the Morro Creek or Chorro Creek drainages. The EIR will evaluate the potential for construction and operation of the proposed project to affect biological resources and will discuss local ordinances and state and federal regulations governing biological resources. In particular, consistency with any designated Environmental Sensitive Habitat Area (ESHA) per the County's Local Coastal Program will be discussed in the EIR.

Cultural and Paleontological Resources

The proposed project would require ground disturbance to construct facilities and pipelines and thus could disturb known or unknown archeological sites, paleontological resources, and/or human remains where groundbreaking activities occur. The EIR will assess the potential effects of the proposed project on cultural resources, including archaeological, historic, paleontological, and Native American resources (Tribal cultural resources).

Geology, Soils and Seismicity

The project area is located within a region of California that is seismically active. The proposed project would require construction of wastewater treatment facilities on sloped terrain that could be subject to potential seismic and geologic hazards, including ground shaking, liquefaction, soil instability, soil erosion, expansive soils, and landslides. The EIR will describe local and state-wide building codes and policies that would apply to the project that could mitigate or avoid potentially significant effects to infrastructure and public safety.

Greenhouse Gas Emissions

Implementation of the proposed project could result in the generation of greenhouse gas (GHG) emissions associated with construction and operations. The EIR will estimate construction-related emissions and long-term operational emissions, including total CO₂-equivalent emissions for evaluating the effects of GHGs. The EIR will examine the project's effects on global climate change and evaluate consistency of the project with the State's GHG emissions reduction goals and the Morro Bay Climate Action Plan.

Hazards and Hazardous Materials

Construction activities associated with the proposed project could result in the release of hazardous materials. Also, excavation activities could result in uncovering of contaminated soils or hazardous substances that could pose a substantial risk to human health in the environment, such as serpentine rock. The EIR will evaluate whether the proposed project would be located on sites identified by the California State Water Resources Control Board (SWRCB) GeoTracker and the California Department of Toxic Substances Control (DTSC) Envirostor databases as hazardous release sites. The EIR also will evaluate the potential for the project to result in the release of hazardous materials during construction and operation.

Hydrology and Water Quality

The proposed project may change local drainage patterns at construction sites, which could impact the water quality, volume, and rates of surface runoff and eventually the local surface water resources. The EIR will describe relevant federal, state, and local regulations and agencies, including provisions of the federal Clean Water Act, the state Porter-Cologne Water Quality Control Act, and the permitting and regulatory authority of the RWQCB and SWRCB. The EIR will identify potential flood hazard zones in the project area, as well as stormwater quality protection measures required during construction and operation of proposed facilities.

The EIR will describe the potential end uses for recycled water produced at the proposed WRF. The EIR will evaluate the potential for groundwater recharge and surface irrigation to adversely affect groundwater quality and groundwater levels in the underlying Morro Valley Groundwater Basin and Chorro Valley Groundwater Basin. The EIR will also describe the effects associated with temporarily or initially discharging advanced treated water through the existing ocean outfall, and eventually reducing discharge through the outfall.

Land Use and Recreation

The EIR will evaluate the proposed project's consistency with land use and zoning designations and existing land uses. In particular, the EIR will discuss the project's consistency with the City's existing General Plan and Local Coastal Plan (LCP) and consistency with the City's General Plan Update that is currently in progress. It will also consider consistency with the County's General Plan and LCP to the extent those documents could apply to portions of the project that may traverse areas that remain within unincorporated areas.

Implementation of the proposed project is unlikely to affect demand of recreational parks or facilities. However, the EIR will identify any recreational facilities that could be adversely affected by the proposed project, including bike paths or trails, and identify any benefits to recreational opportunities.

Noise

Implementation of the proposed project would require construction and operation of project components that would potentially generate noise and vibration. Construction activities that could be a significant source of noise and vibrations include trucking operations, use of heavy construction equipment (e.g., drill rigs, graders, cranes, and frontend loaders), and pile driving activities. During project operations, fixed sources of noise could be established. The EIR will describe the local noise policies and ordinances. The EIR will quantify potential noise and vibration levels associated with construction and operation of the proposed project for comparison to standards and thresholds established in local noise policies and ordinances.

Population and Housing/Growth Inducement

The proposed project would replace the existing WWTP and continue to provide wastewater treatment for the existing and planned population within the City of Morro Bay. The EIR will evaluate the potential for the project to induce or accommodate growth as planned per the Morro Bay GP/LCP. The EIR will also identify current population, employment projections, and local planning jurisdictions with the authority to approve growth and mitigate secondary effects of growth.

Public Services

The proposed project would construct a new wastewater treatment facility, but is unlikely to affect demand for other public services or to require new or expanded facilities. The EIR will assess the potential for the proposed project to affect police and fire protection services, schools, and parks.

Traffic and Transportation

Construction of the proposed project could affect traffic on local roadways as a result of vehicle trips associated with hauling of material and equipment, pipeline installation within roadway ROWs, increased demand for parking to serve construction workers, and increase in traffic hazards caused by construction activities. In addition, operation of the proposed project would introduce vehicle trips at the new WRF due to employee commuter trips, operation and maintenance vehicles, and truck trips for solids disposal. The EIR will evaluate the potential impact to traffic and circulation due to construction-related vehicle trips, lane closures or road closures during pipeline installation, and operational vehicle trips on local and regional roadways.

Utilities and Energy

The EIR will assess the project's potential to affect utilities and regional energy supplies. The EIR will describe the existing water, wastewater, electricity, telecommunications, and gas utilities serving the local community. Utility easements cross the proposed WRF site and existing utilities can occur within roadway ROWs. Decommissioning of the existing WWTP affects wastewater treatment service in Morro

Bay and Cayucos. The EIR will explain the CSD's treatment project as well, and the steps needed to coordinate the decommissioning of the existing WWTP that serves both communities. The EIR will estimate the project's energy usage and evaluate potential impacts to local and regional energy supplies.

Cumulative Impacts

The EIR will evaluate whether impacts associated with the proposed project for all environmental topics are cumulatively considerable when considered together with other past, present, and reasonably-foreseeable related projects in the area. The EIR will identify planned projects in the area including planned development, water supply, and wastewater treatment projects.