



AGENDA NO: C-1

MEETING DATE: March 8, 2016

Staff Report

TO: Honorable Mayor and City Council

DATE: March 3, 2016

FROM: David Buckingham, City Manager

SUBJECT: Review and Direction of WRF

Section 1 – Recommendation

Staff recommends the City Council review the information presented in this report (and in the presentation to Council on March 8), including the recommendation of the Water Reclamation Facility Citizens Advisory Committee (WRFCAC) and provide staff direction on next steps for planning, permitting, and construction of the new Water Reclamation Facility (WRF).

Staff does not anticipate the Council will necessarily make any decisions at this meeting regarding specific preference for any site. And, in fact, staff recommends the Council direct staff to conduct further outreach, research and analysis – returning to council for a decision in the next 60 days. (Not later than the May 10 City Council Meeting.)

In discussion and direction, the Council may choose to provide some specific guidance to the staff on how broadly, or narrowly, with regard to specific sites, the staff should conduct additional research and analysis.

Section 2 – Introduction

The City has been involved in a very long process to replace our existing Wastewater Treatment Plant (WWTP). That process began in 2006 with consideration of renovating the existing plant. Around 2010 conversation then turned to rebuilding the plant on the existing oceanfront site.

In January 2013, followings years of focus on the existing oceanfront WWTP site, including the efforts of a City-hired land use consultant to educate the California Coastal Commission, the Coastal Commission denied a permit to rebuild on the existing site. With an abject denial of the permit, no new facility may be constructed at the current WWTP site. It must be moved. Thus, and at that

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City Manager Review: DWB

City Attorney Review:

time, the City began a very indepth process to determine the best possible location for a new facility.

Significant community outreach was conducted to establish a set of goals for the project. Those goals may be found at this link: www.morrobaywrf.com. These goals represent the desires of a majority of Morro Bay residents and include both cost, and benefit to water supply, as primary concerns.

The water reclamation goal is a critical item as it affects both the location and the technology for the future plant. Both the California Coastal Commission and the City's General Plan require the new plant to produce recycled water. Since our goal is to reuse the nearly 1 million gallons of water a day that will be reclaimed by the plant, the facility is called a Water Reclamation Facility. Essentially this means sewage will be processed and treated to very high standards, allowing it to be used for a variety of purposes included irrigation, agriculture, injection back into the aquifer or, possibly in the near future, direct potable reuse. Reclaiming the 1 million gallons of water currently dumped into the ocean is sound policy - both environmentally and fiscally.

Since a high level of treatment is essential to meet our goals, the new WRF will necessarily use the latest, cleanest, most compatable technology available. Based on our facility master planning work to date, the plant will either use a Membrane Bio-Reactor (MBR) or Sequencing Batch Reactor (SBR), with microfiltration and ultraviolet disinfection for water reclamation. (The City's November 3, 2015, WRFCAC meeting and December 1 joint City Council/WRFCAC study session discussed these technologies in depth.)

Section 3 – Comparison of existing WWTP and new WRF Technologies.

Before further discussion of the process to date, a brief comparison of the existing WWTP and new WRF technology is warranted.

Figure 1 below is a photo of Morro Bay's existing WWTP. Figure 2 is a graphic showing the WWTP in relation to our community. Following are some facts associated with the existing WWTP:

- The WWTP is around 62 years old and has undergone numerous upgrades. Due to its position and condition, and the inability to treat wastewater for full compliance with current federal and state discharge requirements, it must be rebuilt. The Regional Water Quality Control Board, which regulates discharge from the plant, requires replacement of the plant by 2021.
- The site is in the flood plain, has experienced flooding in the past, and is also mapped within a tsunami inundation zone.
- The WWTP discharges around 1 million gallons of treated water into the ocean every day.
- The WWTP includes use of 12 open-air sludge drying beds where digested solids removed from sewage are dried in the sun before being trucked out of the City.
- The WWTP also requires the use of 7 uncovered (open air) wastewater processes, from the

head works to trickling filters to the primary and secondary clarifiers, where wastewater is cleaned and treated before being dumped into the ocean. The plant does not have covers over these facilities, nor are there odor control systems in place to collect and treat gases.

- The existing site sits on 26 acres of oceanfront property between Morro Bay High School, Morro Rock and the abandoned Morro Bay Power Plant.
- The existing site is within 2,000 feet of:
 - 560 homes and RV sites including homes in south Cloisters and many homes west of Ironwood.
 - Morro Bay High School
 - Lila Kaiser Park
 - “Morro Rock Beach”

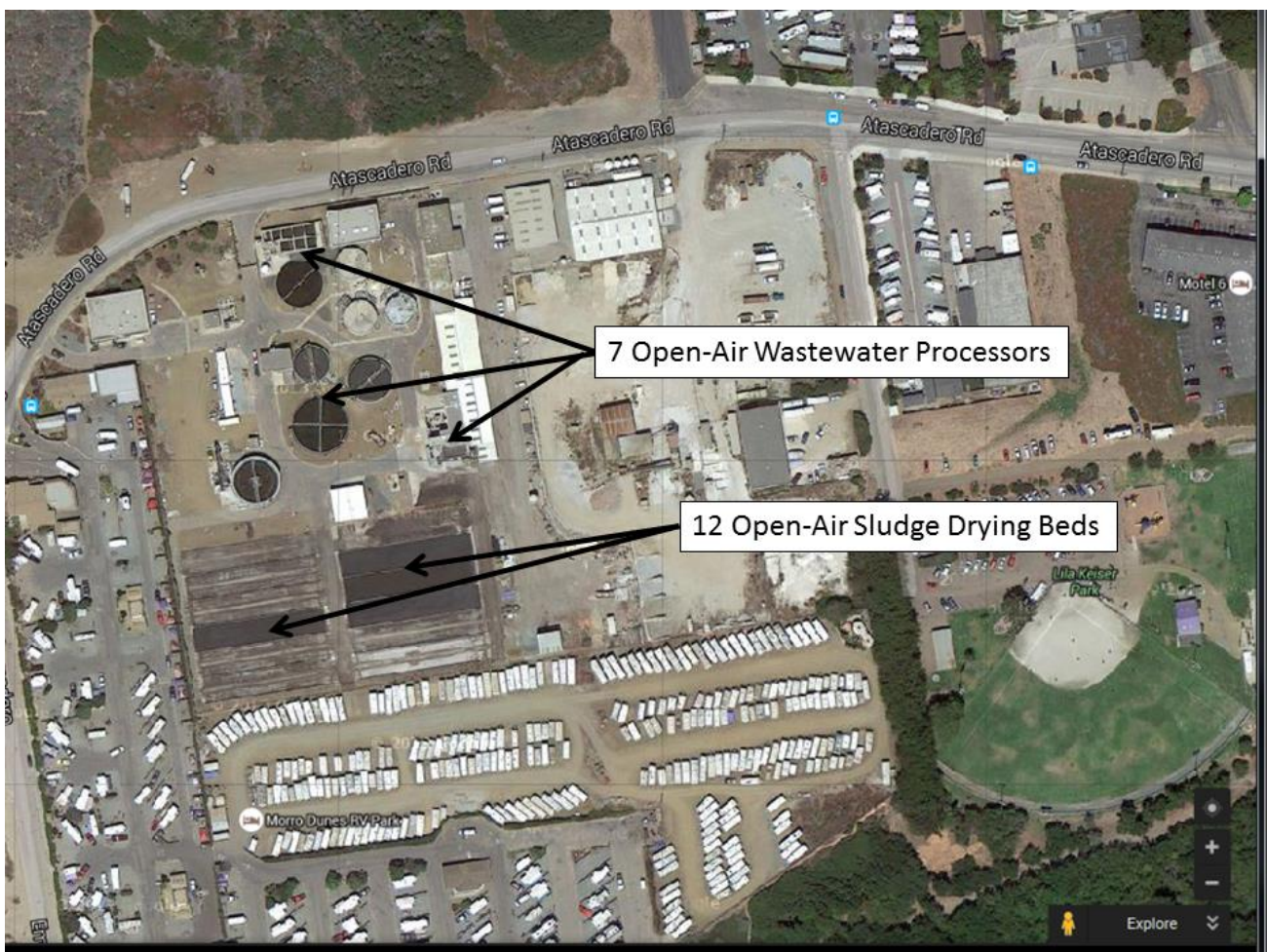
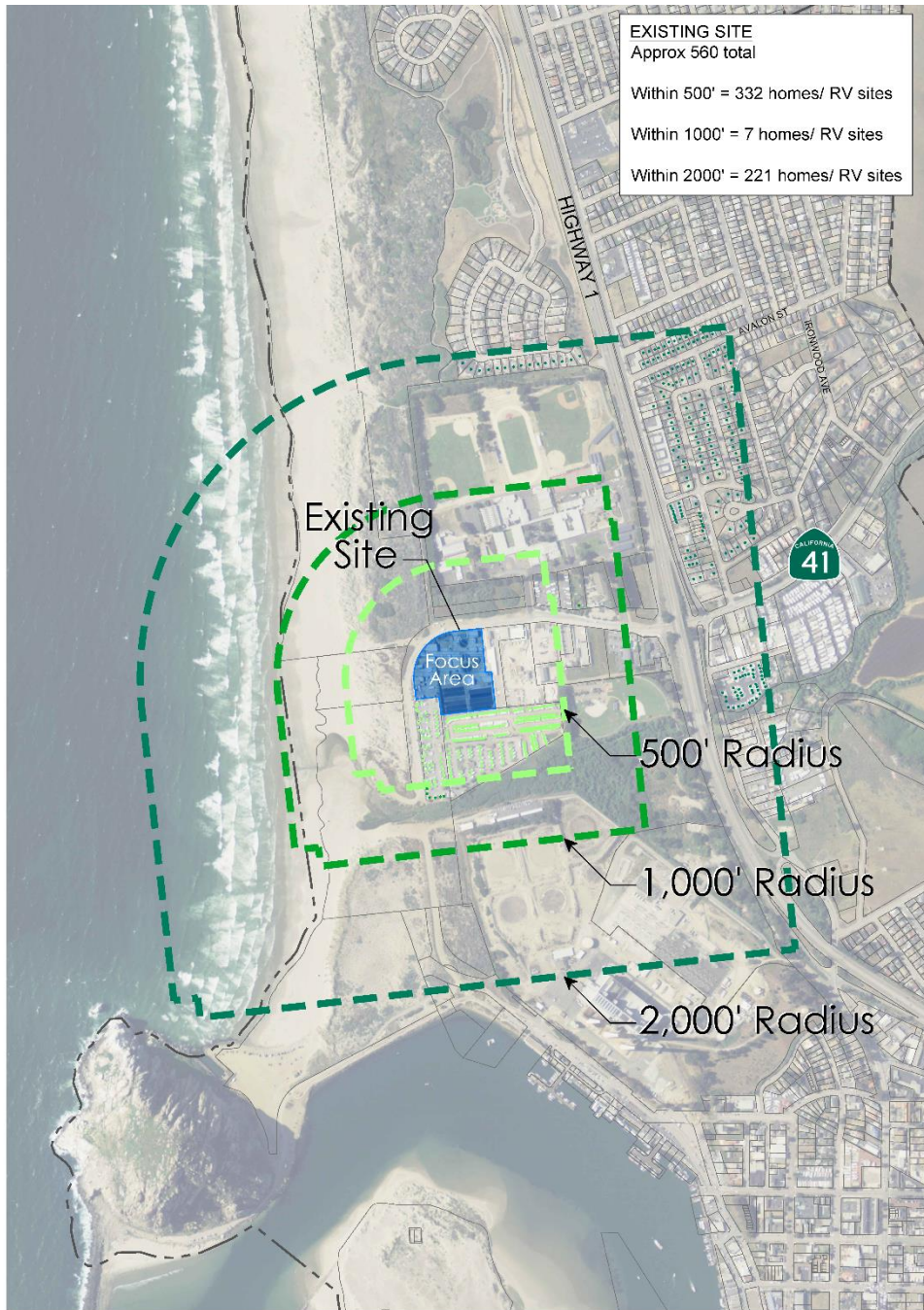


Figure 1 - Existing Morro Bay WWTP



Neighborhood Workshop
Existing Site

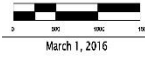


Figure 2 - Morro Bay WWTP Community Siting

Figure 3 below is a picture of a five-year old WRF in Clovis, CA that uses new, MBR technology similar to one option proposed for the City of Morro Bay.

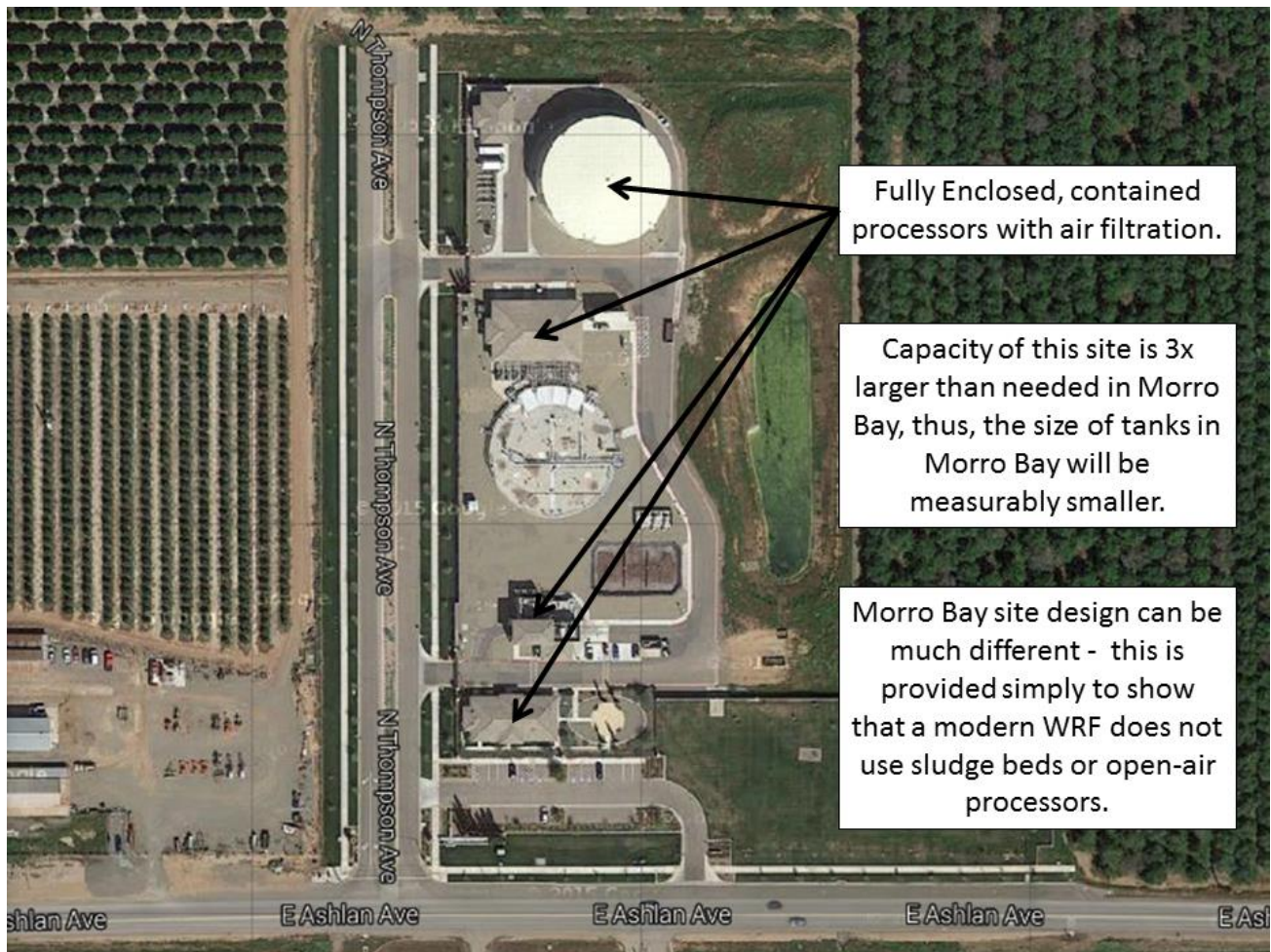


Figure 3 - New Technology WRF in Clovis, CA

Some facts about modern WRF's:

- The picture of the new WRF in Clovis, CA is provided primarily to show a technology contrast between the 62-year old Morro Bay WWTP, and a modern WRF that uses MBR technology.
- A Morro Bay WRF using similar technology could be constructed differently with buildings and processors designed in a ranch style to fit into our semi-rural setting.
- Capacity of this Clovis facility is nearly three-times greater than required in Morro Bay. So, while our required acreage may be similar, the size of the actual buildings and processors,

- especially the tanks shown above, will be measurably smaller.
- All of the treatment at such a plant happens in a completely enclosed, indoor setting and the air is specially processed to remove odor.

Figure 4 below is a street-level picture of the front of the Clovis, CA WRF.



Figure 4 - Street View of Clovis, CA WRF

In short, the existing Morro Bay WWTP wastes 1 million gallons of water a day and use 50-plus-year-old technology with open-air operations within 2,000 feet of many public and private uses. It must be rebuilt in a new location.

Morro Bay's future WRF will use completely indoor, new technology (MBR or SBR) and should be sited in a location that maximizes the opportunities to use the reclaimed water for its highest and best use.

Section 4 - Site Selection Process from Jan 2013 to Oct 2015.

Since the January 2013 Coastal Commission permit denial for reconstruction at the existing site, the City has engaged on a thoughtful, detailed and comprehensive analysis to determine the best site for a new WRF. As noted above this process has included strong public outreach and participation in numerous workshops, study sessions and public meetings.

In May 2014 the City Council established the WRFCAC and that body has met more than 25 times in public meetings to provide expert analysis and advice to City Staff and Council. Each step of the process since then has included effective WRFCAC input and interest.

The results of the first round of significant research and analysis was included in the December 2013 “Options Report.” This report considered 17 different sites for the future WRF. These included sites in the Morro Valley, Chorro Valley and as far north as Toro Creek. A “fatal flaws” analysis narrowed the number of sites to seven, which were evaluated in more detail in the report, based on criteria developed from community priorities and Council approved project goals. Included in the top seven were Rancho Colina and Righetti Ranch, both part of a larger Morro Valley site; two Tri-W parcels totaling 556 acres included in a larger Chorro Valley site, the “Giannini Site” also near the Morro Valley, and a “Chevron Site” on Chevron property in the Toro Creek area. Based on preliminary engineering and water reuse studies, those “Top 7” sites made it to the top of the list because they most closely conformed to the City’s goals.

On receipt of the options report, the City Council directed staff to conduct further feasibility analysis on four sites: Rancho Colina, Righetti (both within the larger Morro Valley site), Giannini and Tri-W, focusing on the most suitable locations within these properties, based on the community-derived criteria set forth in the Options Report.

(The Toro/Chevron site, which was No. 5 on the list of 7, was dropped from contention at that time because of cost and distance from City recycled water users or water supply, among a number of the other issues. These were primarily driven by the fact that the Toro/Chevron site is 2.5 miles from the center of the City’s water infrastructure – greatly increasing the cost of piping sewage there and returning recycled water and brine to the city.)

The City then conducted more detailed analysis and assessment of the four remaining sites and returned to Council in May 2014 with a further report. This report recommended Rancho Colina and Righetti in the Morro Valley as the two best alternatives to consider. Again, cost and reuse opportunities for water weighed heavily in the decision. The Morro Valley has the best opportunities for reuse of reclaimed water – whether for agriculture, recharge of the City’s primary groundwater supply, or tie-in to the city’s existing water infrastructure. The Council considered this report, concurred, and directed staff to focus on the Morro Valley sites of Rancho Colina and Righetti, with an initial focus on Rancho Colina.

Having narrowed potential sites down to the top two alternatives, the City Council established the WRFCAC in May 2014 to provide technical advice on final site selection, and in the environmental review and construction process.

At that time, Rancho Colina gained additional interest because the property owner expressed willingness to sell an undefined acreage of relatively flat land just off Highway 41. However, since the California Environmental Quality Act (CEQA) process requires robust alternatives analysis, and forbids proceeding with construction of a project before an appropriate environmental review is completed, both the Rancho Colina and the Righetti sites were, and remained, top alternatives for the future WRF.

Around this time, the City paused the process to reassess the feasibility of building a new regional WRF at the California Mens Colony (CMC). This reassessment was done with the encouragement of our partner, the Cayucos Sanitary District (CSD). Nearly six months of further expert research and analysis was done to compare and contrast a possible CMC site with the Morro Valley sites, using Rancho Colina for the comparison.

Since the Morro Valley sites are in the Coastal Zone, this comparison included further consultation with the California Coastal Commission and in December 2013 (*incorrectly noted as Dec 2014 in original staff report*) the City received a formal notification letter (attached) from the Coastal Commission that both the Righetti and Rancho Colina site appeared to be suitable for further consideration and detailed environmental review.

Consistent with the initial Options Report, the CMC vs Rancho Colina comparison study determined that the Morro Valley was the best site - from a cost and water reuse perspective - and based on the City's other project goals. Therefore, in January 2015 the City declared Morro Valley/Rancho Colina to be the "preferred site" with Righetti as the top comparative alternative.

From January to October 2015, the City focused most of its attention on the Rancho Colina site, while keeping Righetti as the top comparative alternative. That said, the focus during this period was working with our CSD partner, and doing the work to bring on board the Program Management, Facility Master Planning and Environmental Review consultants essential to the planning phase of the project. The City also developed a draft Memorandum of Understanding with the CSD for sharing costs and managing the future facility.

In April 2015, the CSD announced that they were withdrawing from the WRF project, citing facility governance and water reuse concerns, and choosing to build their own WRF. At that time, the City reiterated its desire to build a regional facility with the CSD, and has been planning for a project that, when constructed, can be scaled to include the CSD. The City's Facility Master Plan, which will be complete about four months after making a site preference decision, will include the cost impacts and benefits of partnering with the CSD.

Through the summer and fall of 2015, with WRFCAC engaged at every step and significant public

outreach and input, the City continued planning for construction of a WRF in the Morro Valley, with Rancho Colina and Righetti as the preferred alternatives. This included hiring the Program Management, Facility Master Planning and Environmental teams noted above. As stated previously, Rancho Colina had primary preference and the City conducted “fatal flaws analysis” on both sites to ensure there were no obvious, critical, geotechnical, biological or historical resource flaws before beginning the detailed environmental review.

Part of this fatal flaws preparation included property negotiation, to ensure the City had a firm option to purchase a site before significant money was spent investigating that site, and this again focused on the Rancho Colina site. While the cost of property is a concern, the City may not pay more than appraised value for property so the primary negotiation points were on how much property was required, and the condition of, or conditions on, that property.

Section 5. The Situation at the end of September 2015.

At the end of September 2015, the City was moving decidedly toward construction of the new WRF in the Morro Valley. The Program Management team was on board and working closely with the staff, community and council. The Facility Master Plan team was working on the FMP and narrowing down the technology options for the WRF to MBR or SBR; and the Environmental team had been selected and started preliminary work on the Morro Valley sites. Additionally, fatal flaws analysis was nearly complete for a wide corridor from the existing WWTP along Highway 41 that included both the Rancho Colina and Righetti sites and had determined that neither site had major flaws that would preclude further study in an environmental review document.

Section 6. The Process from Oct 2015 to Mar 2016.

In early October 2015, during negotiation associated with property acquisition, the owner of the Rancho Colina property informed the City of a major change. In short, the low flat ground previously offered to the city - and best suited for construction of the WRF - was no longer offered. Of note, the City’s fatal flaws analysis on the Rancho Colina site had been focused on that low, flat, most ideal construction site that had been the accepted specific Rancho Colina construction site since December 2013. Still on the table was an adjacent ~8 acre portion of the property, further west along Highway 41, on the higher ground immediately adjacent to the Rancho Colina mobile home and RV park.

Due to this significant change in conditions, the city began to assess the new construction site at Rancho Colina, and also immediately began a review of our top comparative alternative, the Righetti site.

As noted the new construction site at Rancho Colina was on higher ground, with steeper slopes.

Geotechnical analysis of the new Rancho Colina site demonstrated the new site would be somewhat less preferable from a number of aspects. Due to shallow bedrock and steep slopes, construction costs would be measurably higher. Additionally, the site is on a small but pronounced rise, unmasked by adjacent terrain, and therefore significantly impacts visibility of the site from Highway 41. (The December 2014 Coastal Commission letter, while noting that both Righetti and Rancho Colina appeared to be good locations, specifically noted that site visibility from the Highway 41 corridor was an important concern and all care should be taken to minimize facility visibility from the highway.)

While continuing assessment of the new Rancho Colina land, the City also began fresh analysis of the conditions at our top alternative, the Righetti site. Further review of the Righetti site and comparison to the new Rancho Colina site clearly indicated that Righetti remained, as it had been for two years, a very strong alternative to Rancho Colina. Further, due to the negative cost and visibility factors presented by the new Rancho Colina site, the Righetti site was now measurably superior in a number of ways.

One key concern was the potential cost of acquiring the entire ~250-acre Righetti Ranch which was appraised in May 2013 for around \$2.0M. (*incorrectly noted as 2.4M in original staff report*) That increased cost however, was generally offset by the significant cost savings of building the WRF on Righetti, 3,000 feet closer to the City's existing water and wastewater infrastructure. Conservative engineering estimates indicated that building at Righetti would be at least \$2.0M less expensive than at Rancho Colina due to the cost of laying pipe, both up and down the valley, a further 3,000 feet along Highway 41. This savings did not include estimation of the increased cost of building on the higher and steeper land at Rancho Colina.

In order to ensure that City had a good option in hand for construction of the new WRF, and considering the concerns at the new Rancho Colina site, the city entered confidential negotiations to secure an option to purchase the Righetti property – a similar negotiation to what was ongoing with the property owner at Rancho Colina. (Public agency financial / property negotiations are regularly, and appropriately, conducted confidentially to protect the City's interests during the negotiation process. However, such property transactions must then be approved by the City Council in open session.)

During this process, between October 2015 and December 2015, the staff brought several WRF updates to the City Council and WRFCAC in regular, publicly noticed, open meetings. These items included updates on the WRF project in general and site-specific investigations of both the Righetti and Rancho Colina properties, which would be necessary due diligence steps for the possible acquisition of either site. Significant discussion and public comment at these meetings included specific discussion of the Righetti property as one of the City's top two alternatives for the WRF. For example, at the December 1, 2015, joint WRFCAC/Council study session City Council asked questions about expenses for fatal flaw analysis and the ensuing discussion summarized work that was taking place at both the Rancho Colina and Righetti properties. (See link <https://youtu.be/iToGcxglUvw?t=1h44m25s>).

On January 26th, staff completed negotiation of the MOU securing an option to purchase the Righetti property for the purpose of construction of the WRF. The general terms of that MOU are that the City paid \$25,000 to take the property off the market for 6 months in order to complete further public discussion and technical analysis of the site. At the end of six months, should the City want to move forward, a \$100,000 earnest money payment is required to give the city an additional 400 days to complete an Environmental Impact Report (EIR) for possible WRF development at the site. That earnest money payment would count toward the purchase price of the property. Based on the outcome of the EIR process, if the site is determined environmentally acceptable, the City would choose to purchase it. The purchase price, as noted above, must be based, according to existing law, on the appraised value of the property as is. This protects the City from committing significant resources on site-specific facility master planning and environmental review, and puts the City in a more favorable negotiating position with the property owner, which is an important project cost consideration. In short, the MOU gives the City exclusive right to purchase the property for fair market value as determined by an independent, professional appraiser.

At that point, with an option to purchase the Righetti site secured, the City began work to have the WRFCAC and Council formally consider modifying the City's primary site preference from Rancho Colina to Righetti, based on the technical studies and updated site analysis, which as noted previously, was based on criteria set forth and prioritized by the greater Morro Bay community. Even so, like Righetti, and even with the increased cost and concerning visibility issues from the Highway 41 corridor, the Rancho Colina site remains a top alternative. Negotiations with the Rancho Colina property owner are thus continuing.

In order to begin the process of formally considering Righetti as the preferred site, the City conducted a joint WRFCAC / City Council Study session on February 9, 2016. As with all public meetings, this session was noticed using multiple means including traditional paper notices, email blasts to the hundreds of residents signed up to receive email news from the City, news flash items on the City website, and notices on the City's facebook page. (In addition to some more traditional communication venues, the City uses our Facebook page to provide "what's happening now" updates to our residents, 3,700 of who follow the City on Facebook.)

The February 9th, joint WRFCAC / Council study session included at least one attendee from the the Nutmeg / Ponderosa neighborhood who was instrumental in helping the city spread the word about the possible site preference change.

At that meeting, while a number WRFCAC members and Council members indicated some level of general concurrence with staff recommendation to change the site preference to Righetti, both bodies recommended delaying the decision for four weeks to allow for further public outreach, specifically to the Nutmeg/Ponderosa neighborhood, because WRFCAC and Council felt their input would be needed before making a clear recommendation.

That public outreach included a Neighborhood Workshop conducted on February 25th that was attended by about 100 residents, most from the Nutmeg and Ponderosa neighborhoods. The purpose of the workshop was to further communicate with, and listen to the concerns of, residents from that neighborhood. At the workshop, many residents expressed concern that the WRF would have significant odor, visibility, traffic and noise impacts that would have a negative impact on property values. Also apparent was that some residents who have understandably not been following the City's multi-year WRF construction process, may not be aware of the new technology planned for the new WRF, and were instead expecting something similar to the existing WWTP with its open-air sludge beds, trickling filters, and clarifiers.

Keeping with the schedule announced in our public outreach, the Righetti site preference question was taken to a public meeting of the WRFCAC the following week. On March 1st the WRFCAC met from 3-6 PM, a public meeting that was again very well attended. At that meeting, many residents expressed similar concerns to those outlined above and heard at the Neighborhood Workshop. In addition to concerns about odor, noise, traffic, visibility and property values, residents noted clearly they believe more time was required for more public education, outreach and comment.

At that March 1st WRFCAC meeting, a motion to recommend approval of Righetti as the preferred site did not pass. A further motion to pause for 60 days to conduct further public outreach, and to reconsider the Chevron/Toro, and Tri-W sites – in addition to Righetti and Rancho Colina, passed on a 5:4 vote.

Based on our interaction with the public, and the WRFCAC recommendation, staff is bringing this item to council for review and direction, not necessarily for decision on a Righetti site preference.

Section 7 – Chevron and Tri-W, and Giannini.

This purpose of this item is not to make an in-depth comparison of any site, much less the Chevron or Tri-W sites. However, since the Council and public focus over the past two years - when Chevron and Tri-W were ranked lower based on cost and water reuse opportunities, among other factors - has been on Rancho Colina and Righetti, some very brief comment on Chevron and Tri-W are warranted.

As noted above in Section 3, both the Chevron and Tri-W sites were studied comprehensively in the City's initial research and analysis and reported in the December 2013 Options Report.

Chevron was found to be comparatively more expensive and did not best support the City's water reuse goals and thus, although it made the top 5 of 17, it was not carried forward for further investigation by the City Council.

The Tri-W site made the City's final four, with a particular emphasis on the most promising location on that site based on the criteria set forth in the Options Report. However, again, increased

construction costs, and its less appealing (from a water reuse perspective) Chorro Valley siting, made it clear to our technical team, staff and ultimately to the City Council that Rancho Colina and Righetti were preferable. Of significant note, as shown in Figure 5 below, siting the WRF on the ~160 acre Tri-W property located within the city limits would put the WRF, like the Righetti site, in closer proximity to Morro Bay neighborhoods and, compared to Righetti, closer to the downtown. In short, the Tri-W site within the City limits is as close to some parts of the City as the Righetti site.

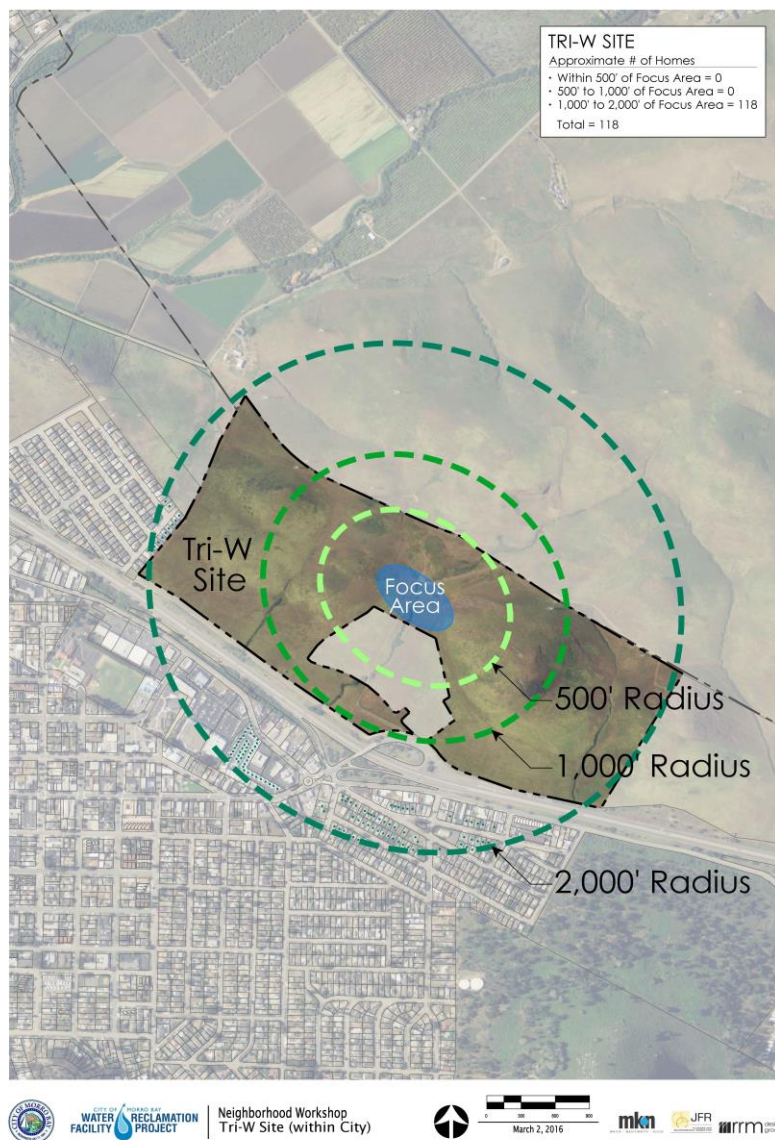


Figure 5 - In-City Tri-W Site Proximity

Although the Giannini site was not recommended for further study, Figure 6 is included to show the proximity of that site to the community.

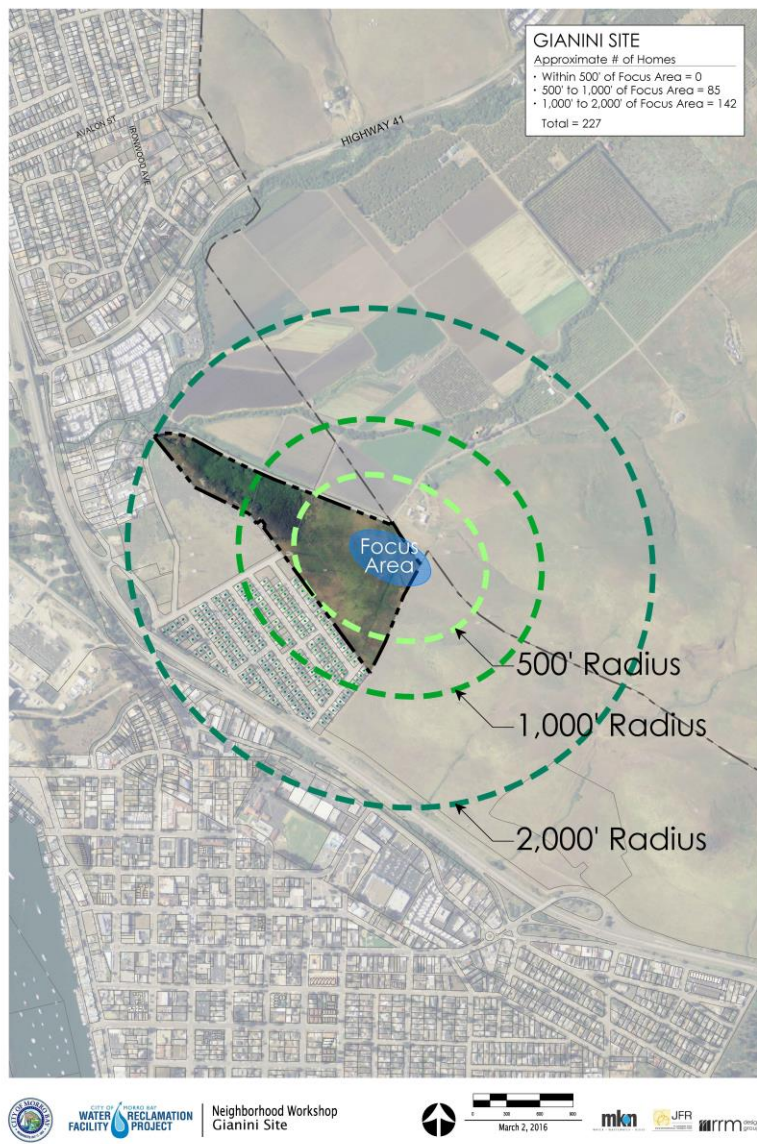


Figure 6 - Giannini Site Proximity

To round out the proximity comparisons, the proximity graphic for Righetti and Rancho Colina are also below as Figures 7 and 8.

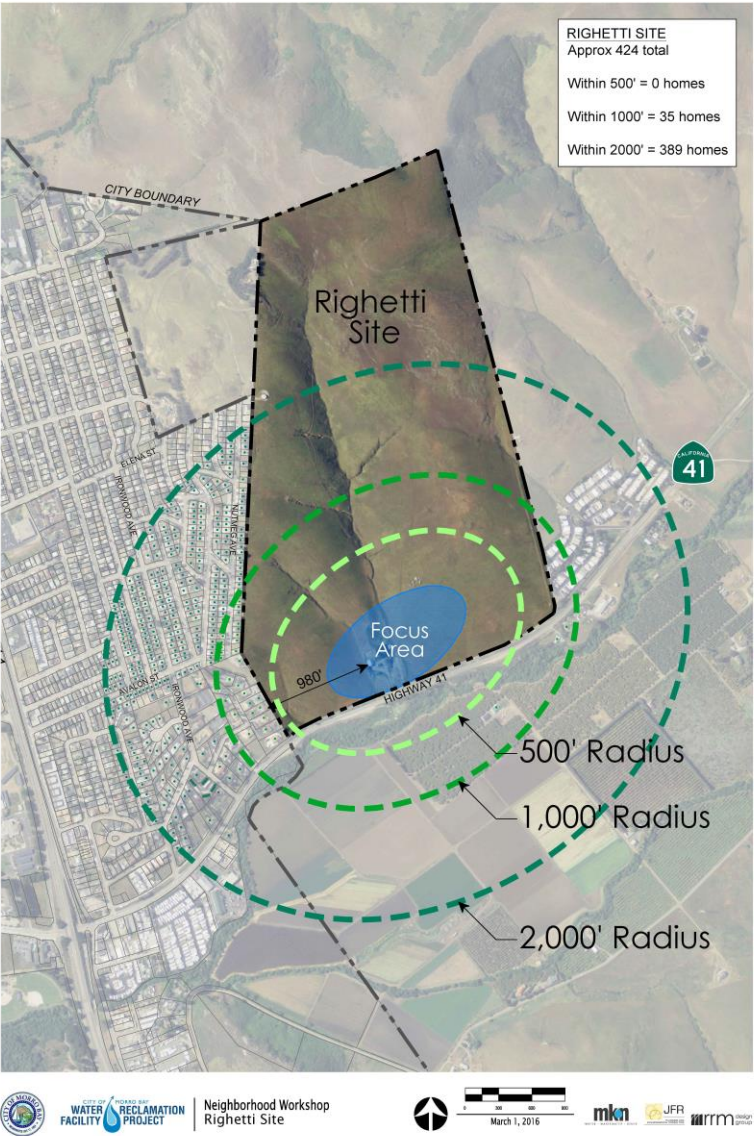
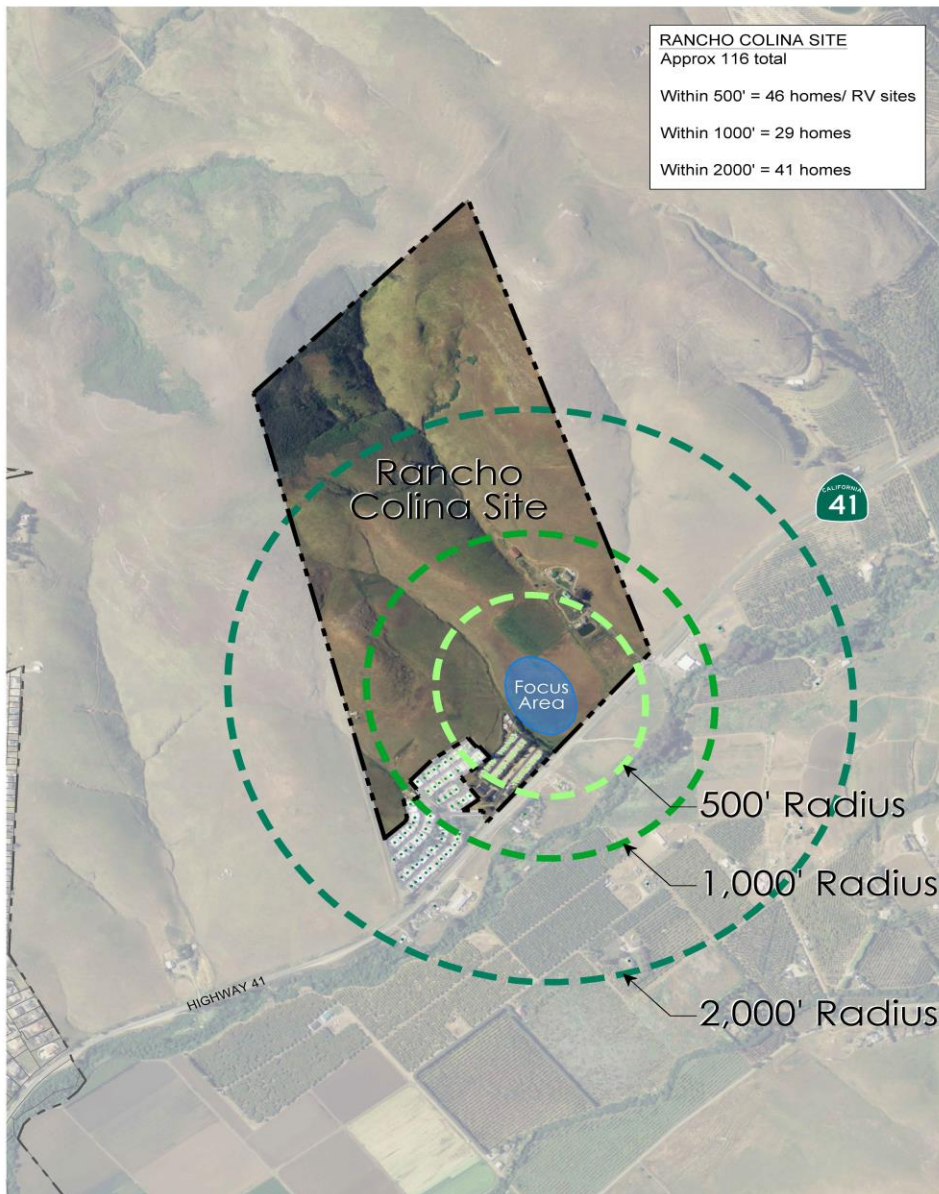
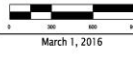


Figure 7 - Righetti Site Proximity



Neighborhood Workshop
Rancho Colina Site



March 1, 2016

Figure 8 – Rancho Colina Site Proximity

Section 8 – Recommendations

As noted above, the staff recommends the Council review the information presented in this report (and in the presentation to Council on March 8), including the recommendation of the Water Reclamation Facility Citizens Advisory Committee (WRFCAC) found herein, and provide staff direction on next steps for planning, permitting, and construction of the new Water Reclamation Facility (WRF).

Staff is comfortable conducting a review, and further public outreach, and returning to Council in 60 days for an update and possible recommendation for decision. When considering either a “pause” (perhaps 60 days - primarily to conduct additional public outreach), or a “reset” (perhaps a year to conduct additional analysis of sites already investigated, or to search for new sites), staff recommends Council consider and deliberate the following:

- With regard to the project in general, time is money. Each delay, and especially a long delay, increases the ultimate cost of the project.
- With regard to the Righetti site in particular, the 6 month + 400 day clock on the Righetti MOU started running on January 26th and the Environmental review on any site will take a substantial amount of time, likely a year or more. Lengthy delays could result in our option to purchase Righetti expiring before the Environmental review is complete.
- There are other issues associated with a long delay, including our permit to discharge from the existing WWTP; and environmental, weather (flooding) and maintenance concerns.

The Council may want to consider providing the staff some more specific direction on how broad of a review to conduct. For example, should staff conduct additional research and analysis on sites, such as the Chevron and Tri-W sites, previously determined not to rank as high as the Morro Valley? Or, should staff focus our continued analysis and outreach on the Morro Valley sites – Rancho Colina and Righetti.

Should Council agree to a 60-day (or other length of time) pause to conduct further public engagement, staff would likely conduct at least two workshops to engage the entire community, hear concerns and answer questions. Staff recommends these be workshops and not public meetings to better allow staff time to engage residents in a fuller dialogue than usual in a formal “Brown Act” public meeting.

Council may also consider directing staff to visit one or more modern WRFs in California to conduct a first-hand investigation of neighborhood impacts – especially odor, noise, traffic and visibility.

--end--

CALIFORNIA COASTAL COMMISSION

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December 10, 2013

Mayor Jamie L. Irons and Honorable Councilmembers
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subject: City of Morro Bay December 10th City Council Hearing, New Water Reclamation Facility Project, Second Public Draft Options Report

Dear Mayor Irons and Honorable Councilmembers:

We received the above-referenced study regarding the proposed development of a new Water Reclamation Facility (WRF) for the City of Morro Bay. The Second Public Draft Options Report (Report) incorporates "Neighborhood Compatibility" and "Opportunity Costs" into the analysis of potential sites, revises criteria weighting (especially for cultural resources) and expands the study area included in the analysis. The updated analysis better incorporates requirements of the Coastal Act and Local Coastal Program (LCP), addresses long term planning considerations and more accurately reflects public priorities regarding the development of the WRF. The analysis ranks the Morro Valley Site highest of the potential locations for the WRF development.

As you know, the California Coastal Commission unanimously denied the use of the existing waste water treatment plant (WWTP) site for development of the new facility. The development of a new facility at the existing WWTP site was found to be inconsistent with the LCP and Coastal Act, including because it is not an allowable use under the LCP's zoning and because it is located in a tsunami run-up zone and in an area that would also be inundated in a 100 year flood event. Therefore, it is appropriate for the City to exclude the existing site from further evaluation of site alternatives, and we support the Report's direction to do so. Further, we are encouraged to see the additional analysis that has been provided in the Report and we believe the City is taking the necessary steps to fully evaluate the project alternatives and to ultimately identify a site that is consistent with the LCP and Coastal Act.

The analysis in the Report ranks the Morro Valley site first overall for potential location of the new WRF. The power plant site ranked second and the Chorro Valley site ranked third. Within the sites, each specific area proposed as the most suitable for development has benefits and weaknesses. As the City pursues the proposal, Commission staff makes the following initial comments regarding the preliminary site investigations to date.

Morro Valley Site

The analysis ranked the Morro Valley site first overall out of potential sites; it contains 5 parcels and 2 identified "optimal sites". The Righetti property provides one identified 'optimal site' for construction of the new WRF. The analysis deems that the identified optimal site on the Righetti

Mayor Irons and Honorable Councilmembers
December 10, 2013

property presents minimal coastal hazards, is out of the flood plain and is not subject to tsunami considerations. Although the analysis shows that there are some ESHA areas and prime farmland on the Righetti property, the location selected is analyzed to present minimal potential impacts. The identified optimal site on the Righetti property is deemed to be located on a section of prime farmland, however this area is small and isolated from any surrounding farmland. Although all efforts should be made to avoid impacts to prime agricultural land, the County LCP does allow agricultural land to be converted for this purpose, if it is determined to be the least environmentally damaging feasible alternative.

The other identified optimal site is located on the Rancho Colina property and is similar to the site on the Righetti property. The minimization of visual impacts is something that should be strongly investigated when pursuing this development, and indeed all developments in the Coastal Zone. The analysis of the Rancho Colina site determines that the identified optimal site may have reduced visual impacts compared to the Righetti site as it is located further from Highway 41. This is something that should be considered when selecting between the two locations. Although there may be topographical concerns in selecting the Rancho Colina property all effort should be made to ensure that the development poses the minimal visual impact.

In addition to the reduced visual impacts and hazards compared to the current water treatment facility site, the proximity of both sites in the Morro Valley to potential reclamation opportunities is of considerable benefit. Commission staff supports the development of a facility that will enable the beneficial use of reclaimed water to the greatest extent possible and that will minimize the need for outfall alternatives.

Chorro Valley Site

The Chorro Valley site ranked third in the Report, and is of interest as it includes a new property in the analysis. Specifically it now includes the Tri-W property (APN 068-401-013) in the assessment. The Chorro Valley site was assessed as very similar to the Morro Valley site but was ranked third due largely to the increased costs of development. The newly included Tri-W property is located on Highway 1; however the identified optimal site is located away from the road and the analysis suggests it would present minimal visual impacts. Minimizing the visual impact of the new WRT is an important consideration when assessing the appropriateness of each site.

Power Plant Site

The Power Plant Site ranked third overall in the Options Report, however this was largely due to the projected cost savings of developing on this site. As noted in the report, the site would rank fifth overall if cost was not a factor. Although there is existing development on site (the power plant), the facility is expected to close in the near to medium term. Development of this site for the new WRF thus presents significant lost opportunity costs as the area could potentially be comprehensively planned to meet Coastal Act and LCP priorities and objectives, including related to public recreational access and visitor-serving opportunities.

In summary, we recommend that the existing WWTP site be eliminated from further consideration. In addition, we support the City's efforts in evaluating alternative sites for the

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WRF, and believe these efforts will go far to ensure that the project can be proposed and developed consistent with the Coastal Act and LCP. We look forward to continuing to coordinate with the City on this process. If you have any questions, or would like to discuss this matter further, please don't hesitate to contact me at (831) 427-4863.

Sincerely,

Aiden Campbell
Coastal Planner
Central Coast District Office

