

Morro Bay National Estuary Program Proposal for PG&E Consent Decree Spending

Background

In 1997, the Bay Foundation of Morro Bay received approximately \$3.66 million from a Consent Decree (97-1969) United States of America vs PG&E¹. The purpose of the funds was to implement “the final conservation and management plan for Morro Bay”. Such a plan was initiated in 1995, after Morro Bay was added to the National Estuary Program (NEP). The National Estuary Program was created under the Clean Water Act and is administered by the U.S. Environmental Protection Agency (USEPA). There are 28 individual programs around the country, each overseen by a host agency and each in an estuary of “national significance”. The program in Morro Bay is managed by the Bay Foundation of Morro Bay (a 501(c)(3) nonprofit corporation) and an Executive Committee made up of local government, state government, a university scientist, and local citizen representatives. Each NEP has a Comprehensive Conservation and Management Plan (Management Plan) approved by USEPA that outlines the actions needed to protect and restore the estuary.

The intent of the Consent Decree funds was to help implement the Morro Bay conservation and management plan. Since 1997, the Morro Bay National Estuary Program (Estuary Program), in coordination with the Central Coast Regional Water Quality Control Board (Central Coast Water Board) and USEPA staff, has utilized these funds for on-the-ground restoration and monitoring to implement the Management Plan. Funds are spent in accordance with an MOA attached to the original Consent Decree that was signed by four parties – the Bay Foundation, the Central Coast Water Board, the USEPA, and the Local Policy Committee of the Estuary Program (now referred to as the Executive Committee). Every spending decision for the Consent Decree funds is reviewed and approved by the Executive Committee, which has representatives from the Central Coast Water Board, the Bay Foundation, and the USEPA.

The MOA dictated that the Bay Foundation invest Consent Decree funds prudently, but it did not specifically dictate what should be done with the interest earned from these investments. The MOA also specified that if the Consent Decree funds were not spent by June 30, 2009, they should be placed in an escrow account to be spent at the direction of the Central Coast Water Board in consultation with the USEPA to benefit the estuarine environment. In 2009, the Executive Officer of the Central Coast Water Board, Roger Briggs, sent the Bay Foundation a letter conveying the opinion that the ‘spend by date’ obligation had been met since the \$3.66 million had been spent and all that remained was interest earned by the prudent investments of the Bay Foundation. The letter further expressed that this interest should continue to be available for projects that implement the conservation and management plan on a timeline that provided the “maximum benefit to the estuary”. Thus, since 2009, the Bay Foundation has continued to invest and grow the interest remaining for the maximum benefit of the estuary. Funds are allocated to projects consistent with the original MOA and are approved by majority vote of the Executive Committee, with approval from representatives from the Central Coast Water Board, Bay

¹ This 1997 Consent Decree with PG&E is completely separate from the Guadalupe Oil Field Settlement Water Quality Projects Trust that resulted from litigation between Unocal and the State of California. Under the Guadalupe Settlement the Central Coast Regional Water Quality Control Board has sole authority to select projects funded by the trust. This is not the case for the 1997 Consent Decree; it was set up differently.

Foundation, and USEPA. These funds continue to help achieve restoration successes for the estuary. More information on the history of these successes can be found in the next section of this proposal.

Earlier this year, the Estuary Program was conferring with Central Coast Water Board staff about possible new uses of funds earned from the interest generated. At that time the new Executive Officer Ken Harris asked to review the intent of the MOA and the clause dictating the 2009 ‘spend by date’. Representatives from the USEPA, Central Coast Water Board, Bay Foundation Board of Directors, and the Estuary Program met to discuss the possible future of these funds. The parties present initially agreed that it was important to continue to have the remaining interest funds (approximately \$1.8 million) available for implementation of the Morro Bay conservation and management plan and suggested that a proposed spend plan be drafted for consideration of the MOA signatory entities. This document outlines two proposed spend plans for remaining funds.

History of Spending

Since 1997, the Morro Bay National Estuary Program has used the Consent Decree funds to help finance a number of important projects within the Morro Bay watershed that implement actions from the Management Plan and protect the estuary. Funding decisions have always been voted on by the Bay Foundation Board of Directors and the Morro Bay National Estuary Program’s Executive Committee (which has representatives from the Central Coast Water Board, Bay Foundation and USEPA). In addition, a number of local organizations have benefited from this funding being available for conservation efforts in the watershed. For example, the Coastal San Luis Resource Conservation District has received \$565,900 for their conservation efforts over the years and benefitted from an additional \$46,700. Over 20 partner organizations have received funds from the Consent Decree and that does not include the many land owners, local businesses, contractors, and other vendors that have also benefited from the funds. See Table 1 for a list of partner organizations who have received funding.

Having these Consent Decree funds available to support Management Plan implementation has allowed the Estuary Program to leverage over \$9.35 million dollars for conservation work, leveraging \$6.9 million of federal funds alone (see Table 2). The Consent Decree funds were an important steady funding source for the growing program in the early days and the interest earned from those funds continues to be a vital source of support for the Management Plan implementation. While the original principal was spent by 2009, the interest earned continues to fund key projects to protect this national estuary. Continued use of these funds will allow the Estuary Program to leverage even more federal dollars for on-the-ground conservation efforts in the future.

Table 1: Organizations That Received Consent Decree or Interest Funds For Project Work Since 1997

4-H of San Luis Obispo	City of Morro Bay	Morro Bay Beautiful
Army Corps of Engineers	Coastal San Luis Resource Conservation District	Morro Bay Commercial Fishermen’s Association
California Polytechnic State University, San Luis Obispo	Community Foundation of San Luis Obispo County	Morro Coast Audubon Society
California Conservation Corps	County Agricultural Commissioner	San Francisco Estuary Institute
California State Parks	County of San Luis Obispo	San Luis Obispo Flood Control and Water District

California State University, Chico	Land Conservancy of San Luis Obispo County	San Luis Obispo Farm Bureau
Camp San Luis Obispo	Los Osos Community Service District	Small Wilderness Area Preserve
Central Coast State Parks Assoc.	Los Osos-Baywood Fine Sands Community Habitat Implementation Committee	University of San Francisco

Table 2: Impact of Consent Decree in Dollars

Consent Decree and Interest Spent to Date	Dollars Leveraged	Federal Dollars Leveraged
\$4.05 million	\$9.35 million	\$6.9 million

The Consent Decree funds and interest earned from them have helped fund a number of important project successes for the estuary and watershed. Here are just a few examples:

- Land Conservation:** Funds have aided in land conservation projects in Chorro and Los Osos Valley, including the 350 acre conservation easement on Highland Ranch, protecting the headwaters of Warden Creek; a 1,860 acre easement on the Maino Ranch, protecting local streams and open space; and multiple Los Osos greenbelt parcels protecting coastal dune habitat. Funds have also helped with management of the 580 acre Chorro Creek Ecological Reserve.
- Harbor Pollution Prevention:** Funds have helped keep Morro Bay estuary safe from pollution by implementing a number of harbor best management practices and removing vessels that were a pollution threat. The Morro Bay Harbor Department is able to respond quickly to oil spills with supplies funded with Consent Decree funds. Supplies include oil containment boom, oil absorbent boom, absorbent pads, and firefighting foam. The supplies cover the possibility of a vessel up to 100 feet in length catching fire or sinking. The availability of pollution control and firefighting supplies from other sources has declined due to downsizing or closing of nearby facilities, making local supplies much more vital. Monies have also helped remove 6 derelict vessels from the estuary which were a pollution and safety threat. Funds have also helped support wise boat maintenance with the purchase of vacuum boat sanders and an oil filter crusher for use by local boat owners.
- Creek Restoration:** Funds have helped restore and enhance riparian, floodplain, and adjacent wetland habitats. For example, Walters Creek was highly impacted from cattle and military operations over the years. The Estuary Program and partners were able to remove 5 eroding/failed culverts, stabilize banks, re-grade the channel, recreate floodplains, and revegetate 4.6 acres of stream and floodplain area. As of the last survey, 79% of the riparian area was native plants.
- Agriculture BMPs:** Funds have helped support riparian fencing and other agriculture best management practices. For example, funds helped support the Morro Bay On-Farm Coastal Water Quality Implementation Project (“Project Clearwater”), which engaged over 480 growers, ranchers and environmental community members; involved 7 ranches in the watershed; and incorporated over 150 best management practices in accordance with USDA Natural Resource Conservation Service (NRCS) standards. The project resulted in protection of over 52,000 feet of stream bank. Improvements included, among others, over 51,500 feet of riparian fencing, 2

stream crossing improvements, and 1 fish passage improvement. It is estimated that the efforts reduced 9,014 tons of sediment reaching the estuary and over 421 tons of manure from streams (~ 5,558 pounds of nitrogen).

- **Erosion Control:** These funds have been an important source for preventing sedimentation in the Morro Bay estuary. Over the years, funds have supported a number of projects and studies involving sedimentation, from aiding Cal Fire in preventing catastrophic wildfires to repairing and removing degraded ranch roads. Currently the Estuary Program and partners are implementing erosion control treatments along up to 18 miles of erosion prone and/or failing rural roads at up to 80 different sites within the highly-erodible upper watershed. The project is estimated to result in reduction/prevention of 15,500 cubic yards (~4,185 tons) of future sediment delivery into the Morro Bay watershed and estuary.

In May 2012, the Bay Foundation and Executive Committee voted to increase the longevity of the remaining interest funds by changing the investment strategy for the money. Since that time a portion has been invested conservatively for short-term use and a portion has been invested for long-term growth. At this time the groups began referring to the account holding the remaining interest as the Restoration Fund. The groups voted on a short-term spending allocation for the Restoration Fund as follows: \$600,000 to spend over five years (FY13-FY17) - \$148,500 (25%) on land conservation activities, \$220,000 (37%) on restoration and implementation projects, \$181,500 (30%) on monitoring and research, and \$50,000 (8%) on small community grants. The groups planned to evaluate success and vote on the next spending allocation in 2017. However given recent discussions with the parties on the MOA, the Estuary Program recommends considering one of the options laid out in the next section as the future spend plan for the total remaining funds. The current value of the Restoration Fund and the already obligated funds are described in Table 3.

Table 3: Current Value of the Restoration Fund (i.e. remaining interest) as of July 31, 2014.

Approx. Total Restoration Fund Value	Total Current Obligations	Approx. Remaining Unobligated Funds
\$1,821,000	\$561,000	\$1,260,000

Options for the Future

In August, representatives from the Central Coast Water Board, USEPA, Bay Foundation Board of Directors and Estuary Program met to discuss the future of the interest earned from the Consent Decree. It has been the intent of the Estuary Program to invest these funds in such a way as to maximize the benefit to the estuary, in accordance with the letter the Bay Foundation received in 2009 from Central Coast Regional Water Quality Control Board Executive Officer. In August, the representatives initially agreed that these funds should remain available for the implementation of the Management Plan for the Morro Bay Estuary. Two options for the future of these funds have been drafted for consideration and adoption of the signatory entities to the MOA.

Option 1: 10-year Spend Plan for Estuarine Conservation

A 10-year spend plan option was created in the event that the parties wish to spend the remaining interest funds more quickly. Following the spending allocations that were approved by the Morro Bay National Estuary Program Executive Committee in 2012, funds would be spent on research and

monitoring (30%), restoration and BMP implementation (37%), land conservation (27%), and small community grants (8%) to encourage broader community involvement in conservation. A breakdown of the estimated funding available for each category is presented in Table 4. All projects support Management Plan implementation and follow the guidelines set forth in the MOA associated with the original Consent Decree. For the 10-year spend plan it is estimated that approximate \$2.1 million dollars will be available for Management Plan implementation, depending on market performance, annual spending rates, and the rate of inflation. The average spending rate over this time would be \$210,000 per year. Current project options are listed below. Funds will be leveraged in order to obtain the greatest benefit for the estuary.

Option 2: 20-year Spend Plan for Estuarine Conservation

In order to maximize the conservation benefit to the estuary, a 20-year spend plan option was created. Following the spending allocations that were approved by the Morro Bay National Estuary Program Executive Committee in 2012, funds would be spent on research and monitoring (30%), restoration and BMP implementation (37%), land conservation (27%), and small community grants (8%) to encourage broader community involvement in conservation. A breakdown of the estimated funding available for each category is presented in Table 4. All projects support Management Plan implementation and follow the guidelines set forth in the MOA associated with the original Consent Decree. For the 20-year spend plan, it is estimated that over \$3 million dollars will be available for Management Plan implementation, depending on market performance, annual spending rates, and the rate of inflation. The average spending rate over this time would be \$150,000 per year. Current project options are listed below. Funds will be leveraged in order to obtain the greatest benefit for the estuary.

Table 4: Approximate Funds Available for Morro Bay Management Plan Implementation

(estimates are based on current market projections, reasonable per year spending rates, and an average inflation rate)

Category of Spending	Percentage of Fund	Approx. 20-year Plan Total Funds Available	Approx. 10-year Plan Total Funds Available
Research and Monitoring	30%	\$925,000	\$630,000
Restoration	37%	\$1,141,000	\$777,000
Land Conservation	25%	\$771,000	\$525,000
Small Community Grants Program	8 %	\$247,000	\$192,000
Estimated Total		\$3,084,000	\$2,100,000

Potential Projects for Funding:

There are a number of current and future planned projects that these funds will support. Fund amounts allocated per project will vary depending on the ability to leverage outside grant support for the efforts.

- **Eelgrass Recovery Efforts:** Since 2010, eelgrass extent in Morro Bay has declined 95%. Eelgrass provides essential habitat, food, and refuge for a wealth of creatures in Morro Bay. Eelgrass also promotes water quality by controlling sediment and nutrient levels. Biodiversity associated with eelgrass beds is documented to be higher than in surrounding areas devoid of eelgrass. The spatial coverage of eelgrass in Morro Bay is a good indicator of the health of natural resources in

the bay and surrounding watershed The Estuary Program and its partners are conducting a multi-year monitoring and restoration effort in order to recover eelgrass.

- **Los Osos Valley Land Conservation:** The Land Conservancy of SLO County has identified Los Osos Valley as an important area for conservation easements for the future and they have a number of interested landowners in the watershed. In the coming years, the Estuary Program plans to support their efforts with Restoration Fund monies on projects that protect important habitats, water quality, and open space in the Valley.
- **Chorro Creek Ecological Reserve Floodplain Restoration:** The Estuary Program will be undertaking a floodplain and creek restoration project within the Chorro Creek Ecological Reserve in partnership with the California Department of Fish and Wildlife. The 333-acre project will reduce chronic, severe erosion; repair habitat for steelhead, red-legged frog, and other wildlife; and help manage storm flows and capture sediment in the Chorro drainage. Currently the site is experiencing worsening channel aggradation and erosion. Combined with the successful sediment capture of Chorro Flats, this project should help stem the flow of sediment to the estuary during major storm events.
- **Rural Road Improvements:** 130 miles of rural roads in Chorro Valley have been identified as needing improvement to prevent chronic erosion in the watershed. The Estuary Program has been and will be working with partners to address the roads over the next handful of years.
- **Implementing Water Conservation Measures:** Freshwater flows remains one of the largest impediments to steelhead survival in the watershed. In the last three years, the Estuary Program has partnered with multiple organizations to begin to address water use and water needs in Chorro Valley. The Estuary Program has supported rainwater harvesting, greywater use, and stormwater infiltration projects to help keep water in the valley. We plan to continue these partnerships with organizations and local landowners to promote water conservation projects in the area.
- **Strategic Monitoring Support:** The Estuary Program has been monitoring water quality and ecosystem health in the Morro Bay watershed and estuary for 20 years. The program's data is used by a number of local and state agencies as well as local landowners and businesses to track performance and plan future activities. Important monitoring efforts have been and should continue to be supported by the Restoration Fund. For example, some important projects include eelgrass habitat monitoring, creek macroinvertebrate monitoring, and TMDL monitoring.

With additional years of earning, funds could also support:

- **Riparian Fencing:** The Estuary Program has already supported 84,586 feet of riparian fencing within the watershed. With more funding, the program can help to implement fencing in a larger area.
- **Los Osos parcel acquisition:** There are a number of small, vacant parcels within the boundaries of Los Osos along the waterfront that may be available for land acquisition in the future. Preserving these parcels will allow sensitive wetland areas to migrate given current sea level rise projections and allow for restoration of sensitive Los Osos-Baywood Fine Sands habitats.
- **Stormwater Management in Morro Bay and Los Osos:** Stormwater remains a pollution concern for both the communities of Morro Bay and Los Osos. The Estuary Program would like to be able to provide support for key, critical efforts to reduce the impacts of stormwater pollution to the bay in partnership with these two communities.

- **Fish Passage Barrier Removal:** There are 16 barriers in Chorro Valley alone that prevent steelhead from accessing good upstream habitat. In the future, these barriers may be slated for removal and funding will need to be allocated to assist with removal and creek restoration.
- **Invasive Species Removal:** Invasive species continue to be a problem in the Morro Bay watershed and estuary and new species are arriving annually. It is important to have funds available for rapid response and control efforts for new and priority species. As incidents arise, funds can be allocated to important response efforts.
- **Harbor Pollution Prevention:** Prevention of harbor pollution is a continuous need within Morro Bay. It is important to keep adequate levels of supplies and services available to prevent a suite of pollutants from entering the bay.

The Estuary Program is currently undergoing a comprehensive conservation planning exercise to identify geographical areas to focus future conservation efforts in the Morro Bay watershed. Conservation priorities will be identified through a combination of conservation optimization software, watershed modeling, and local stakeholder/expert input. The combination of these tools will result in an innovative approach that will allow the Estuary Program to make strategic decisions in light of limited resources. Based on the final plan to be produced in 2015, there may be other high priority projects identified to protect the estuary for the future.

One of the most crucial roles of Consent Decree funds and the interest earned from them has been the ability to quickly address urgent issues in the bay and watershed. For example, funds have supported the removal of derelict boats that were deemed imminently hazardous. Funds have been used to support land acquisitions with short turnaround times, restoration projects repairs, and eelgrass monitoring in years with unexpected declines. It is our hope that any agreed upon spend plan has the flexibility to adjust to new challenges the estuary will face in the future.

Requested Action

We are looking for the parties of the MOA to agree to one of the above spend plan options. Yearly project funding decisions will be presented to and voted on by the Executive Committee, which includes representation from the Central Coast Water Board and USEPA.

Attachments

1. Consent Decree Document
2. 2009 letter from Central Coast Water Board to Bay Foundation
3. Morro Bay National Estuary Program Comprehensive Conservation and Management Plan: The Snapshot Version (link for longer version here - <http://mbnep.org/Library/ccmp.html>)

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ORIGINAL
 FILED
 MAY 27 1997
 RICHARD W. ...
 DISTRICT OF CALIFORNIA

12 Attorneys for Plaintiff United States of America

13 UNITED STATES DISTRICT COURT

14 NORTHERN DISTRICT OF CALIFORNIA

C-97-1969

MAP

16 UNITED STATES OF AMERICA,)
 17 Plaintiff,)
 18 v.)
 19 PACIFIC GAS and ELECTRIC COMPANY,)
 20 Defendant.)
 21

Civil No.

NOTICE OF LODGING
OF CONSENT DECREE

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1 Plaintiff United States of America hereby notifies the Court
2 and all parties of record that Plaintiff United States of
3 America, Plaintiff the People of the State of California ex rel.
4 California Regional Water Quality Control Board, Central Coast
5 Region, and defendant Pacific Gas and Electric Company have
6 entered into a Consent Decree, a copy of which is attached
7 hereto.

8 Pursuant to the regulations at 28 C.F.R. § 50.7, the public
9 will have thirty days, from the date notice of the lodging¹ of
10 the consent decree is published in the Federal Register, in which
11 to submit comments to the United States on the Consent Decree.
12 The United States will notify the Court when the thirty-day
13 public comment period has expired and inform the Court of any
14 public comments received. During the public comment period, no
15 action is required or requested of the Court.

16 Respectfully submitted,

17
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19 Dated: May 27, 1997


20 ROBERT R. KLOTZ
21 Senior Attorney
22 Environmental Enforcement Section
23 Environment & Natural Resources
24 Division
25 United States Department of Justice
26 301 Howard Street, Suite 870
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28 Phone (415) 744-6491
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26 _____
27 ¹ The filing of this notice will be deemed the "lodging"
28 of the Consent Decree for the purposes of 28 C.F.R. § 50.7.

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11 Attorneys for Plaintiff United States of America
12 (Attorneys continued on next page)

13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15

16 _____)
17 PEOPLE OF THE STATE OF CALIFORNIA) Civil No.
18 ex rel. California Regional)
Water Quality Control Board,)
19 Central Coast Region)

20 Plaintiff,)

21 v.)

22 PACIFIC GAS and ELECTRIC COMPANY,)

23 Defendant.)

24 _____)
25 UNITED STATES OF AMERICA,) Civil No.

26 Plaintiff,)

27 v.)

28 PACIFIC GAS and ELECTRIC COMPANY,)

Defendant.)

CONSENT DECREE

~~EXHIBIT~~ EXHIBIT A

1 (Attorneys, continued)

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16 Attorneys for Plaintiff United States of America

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1 WHEREAS, on July 12, 1985, the California Regional Water
2 Quality Control Board, Central Coast Region ("RWQCB"), issued to
3 defendant Pacific Gas and Electric Company ("PG&E") National
4 Pollutant Discharge Elimination System ("NPDES") Permit
5 No. CA0003751 and California Waste Discharge Requirements Order
6 No. 85-101 (the "1985 Permit") governing discharges from PG&E's
7 Diablo Canyon nuclear power plant ("Diablo Canyon");

8 WHEREAS, Provision D.4 of the 1985 Permit provided that
9 "By May 1, 1988 the discharger shall submit results of ...
10 Studies necessary to demonstrate compliance with Section 316(b)
11 of the Clean Water Act";

12 WHEREAS, Section 316(b) of the Clean Water Act, 33 U.S.C.
13 § 1326(b), requires that "the location, design, construction, and
14 capacity of cooling water intake structures reflect the best
15 technology available for minimizing adverse environmental
16 impact";

17 WHEREAS, PG&E submitted a 316(b) report on or about April
18 29, 1988 entitled "Pacific Gas and Electric Company Diablo Canyon
19 Power Plant Cooling Water Intake Structure 316(b) Demonstration"
20 (the "316(b) Report");

21 WHEREAS, the 316(b) report concluded that Diablo Canyon's
22 cooling water system employed the best technology available for
23 minimizing adverse environmental impact ("BTA");

24 WHEREAS, on May 11, 1990, the RWQCB issued to PG&E NPDES
25 Permit No. CA0003751 and California Waste Discharge Requirements
26 Order No. 90-9 (the "1990" permit) governing discharges from
27 Diablo Canyon;

28 PG&E CONSENT DECREE - Page 1

1 WHEREAS, Standard Provision C.13 of the 1985 Permit and the
2 1990 Permit, incorporated into the permits by Provision D.3 of
3 each permit, provides that, "[s]hould the 'permittee' discover
4 that it failed to submit any relevant facts or that it submitted
5 incorrect information in a report, it shall promptly submit the
6 missing or correct information";

7 WHEREAS, plaintiff People of the State of California, ex
8 rel. the RWQCB, has filed a Complaint seeking civil penalties and
9 injunctive relief and alleging that defendant PG&E violated the
10 Porter-Cologne Water Quality Act, California Water Code §§ 13001
11 et seq., the 1985 Permit, and 1990 Permit by submitting and
12 failing to correct an incomplete and inaccurate 316(b) Report and
13 other subsequent submissions;

14 WHEREAS, plaintiff United States of America ("United
15 States"), by authority of the Attorney General of the United
16 States, acting at the request of the Administrator of the United
17 States Environmental Protection Agency ("EPA"), has filed a
18 complaint seeking civil penalties and injunctive relief and
19 alleging that defendant PG&E violated the Clean Water Act, 33
20 U.S.C. § 1251-1387, the 1985 Permit, and the 1990 Permit by
21 submitting and failing to correct an incomplete and inaccurate
22 316(b) Report and other subsequent submissions;

23 WHEREAS, PG&E has begun, under the direction of the RWQCB
24 and oversight of EPA, to perform additional evaluations of
25 entrainment and impingement impacts that will provide the RWQCB
26 and EPA with information necessary to make a determination
27

1 regarding whether Diablo Canyon's cooling water system employs
2 BTA;

3 WHEREAS, the RWQCB and the United States agree that
4 settlement of this case is in the public interest and the RWQCB,
5 the United States, and PG&E agree that entry of this Consent
6 Decree without further litigation is the most appropriate means
7 of resolving this matter;

8 WHEREAS, the RWQCB, United States, and PG&E have consented
9 to the entry of this Decree without trial in order to settle the
10 claims stated in the plaintiffs' Complaints against PG&E, and
11 without any admission of liability by PG&E;

12 NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, and DECREED
13 as follows:

14 I. JURISDICTION

15 1. This Court has jurisdiction over the subject matter
16 of the actions filed by the RWQCB and United States pursuant to
17 Section 309(b) of the Clean Water Act, 33 U.S.C. § 1319(b), and
18 28 U.S.C. §§ 1331, 1345, and 1355. This Court also has personal
19 jurisdiction over PG&E. Solely for the purposes of this Consent
20 Decree and the underlying Complaints, PG&E waives all objections
21 and defenses it may have to the jurisdiction of the Court or to
22 venue in this District.

23 II. PARTIES BOUND

24 2. This Consent Decree applies to and is binding upon
25 the people of the State of California ex rel. the RWQCB, the
26 State Water Resources Control Board, the California Department of
27 Fish and Game, and Daniel E. Lungren, Attorney General

28 PG&E CONSENT DECREE - Page 3

1 (collectively the "State"), the United States, PG&E, and PG&E's
2 officers, directors, agents, consultants, servants, employees,
3 successors, and assigns. Any change in ownership or corporate
4 status of PG&E including, but not limited to, any transfer of
5 assets or real or personal property, shall in no way alter PG&E's
6 responsibilities under this Consent Decree.

7 III. CIVIL PENALTY, ENVIRONMENTAL ENHANCEMENT
8 STATE FEES AND COSTS

9 3. Within 15 days of entry of this Consent Decree,
10 PG&E shall transfer \$14.04 million dollars plus interest [which
11 shall accrue on the \$14.04 million beginning on January 1, 1997
12 at a rate of five percent (5%) per annum, compounded monthly] to
13 the United States Attorneys office for the Northern District of
14 California by electronic funds transfer according to instructions
15 that will be provided by the U.S. Attorney's Office for the
16 Northern District of California and PG&E shall provide notice and
17 evidence of the transfer of funds to the State and the United
18 States according to paragraph 17 below. Of the \$14.04 million
19 plus interest, \$7.1 million dollars is a civil penalty, \$6.19
20 million plus all the accrued interest shall be used to fund
21 environmental enhancement, and \$750,000 is a reimbursement of
22 fees and costs incurred by the State of California in connection
23 with this action.

24 4. After receipt of the \$14.04 million plus interest,
25 the United States Attorneys office for the Northern District of
26 California shall promptly transfer:

27 //

1 a. \$5.1 million of the civil penalty to the
2 State Water Resources Control Board, in the form of a check made
3 out to "State Water Resources Control Board" and delivered to

4 State Water Resources Control Board
5 attn. Kelley Bartlett
6 Division of Administrative Services
7 State Water Resources Control Board
8 P.O. Box 100
9 Sacramento, CA 95812,

10 which shall be deposited in the State Water Pollution Cleanup and
11 Abatement Account; and

12 b. \$2.0 million of the civil penalty to the
13 United States Treasury;

14 c. \$3.66 million of the environmental
15 enhancement money plus 60% of the accrued interest on the \$14.04
16 million to the Bay Foundation of Morro Bay, in the form of a
17 check made out to "Bay Foundation of Morro Bay," and delivered to

18 Gary Ruggerone
19 President, Bay Foundation of Morro Bay
20 c/o National Estuary Program Office
21 1400 Third Street
22 Los Osos, CA 93402,

23 which shall be used for the sole purpose of implementing the
24 final conservation and management plan for Morro Bay and/or
25 "early action items" pursuant to the Memorandum of Agreement
26 which is attached as Exhibit 1 to this Consent Decree.

27 d. \$2.5 million of the environmental enhancement
28 money plus 40% of the accrued interest on the \$14.04 million to
the San Jose State University Foundation Mussel Watch Endowment
in the form of a check made out to "the San Jose State University
Foundation" and delivered to:

1 Ken Gibson
2 Executive Director
3 San Jose State University Foundation
4 P.O. Box 720130
5 San Jose, CA 95172-0130

6 to fund the state mussel watch program pursuant to the Agreement
7 for an Endowment Funding which is attached as Exhibit 2 to this
8 Consent Decree;

9 e. \$30,000 of the environmental enhancement
10 money to the Land Conservancy of San Luis Obispo County in the
11 form of a check made out to the "Land Conservancy of San Luis
12 Obispo County" and delivered to

13 Land Conservancy of San Luis Obispo County
14 Post Office Box 12206
15 San Luis Obispo, CA 93406

16 to fund the restoration of Lower San Luis Creek in San Luis
17 Obispo County pursuant to the Memorandum of Agreement regarding
18 the Restoration Project For Lower San Luis Creek, which is
19 attached as Exhibit 3 to this Consent Decree;

20 f. \$350,000 (fees and costs) in the form of a
21 check made out to "State of California Department of Justice" and
22 delivered to Ken Alex, Deputy Attorney General, State of
23 California Department of Justice, 2101 Webster Street, Oakland,
24 CA 94612-3049;

25 g. \$400,000 (fees and costs) in the form of a
26 check made out to "California Regional Water Quality Control
27 Board - Central Coast Region" and delivered to Roger Briggs,
28 Executive Officer, California Regional Water Quality Control
Board - Central Coast Region, 81 Higuera Street, Suite 200, San
Luis Obispo, CA 93401-5427.

1 5. PG&E shall not take as a deduction on federal or
2 state income tax returns the \$7.1 million civil penalty provided
3 for in this section.

4 IV. WHISTLEBLOWER SYSTEM

5 6. PG&E currently has in place a whistleblower system
6 that allows employees anonymously to report to the company
7 possible violations of laws and regulations. No later than
8 thirty (30) days after entry of this Consent Decree, PG&E shall
9 take all reasonable steps to re-notify its employees and to
10 notify its contractors and consultants in writing of the
11 existence and availability of the whistleblower system for
12 reporting possible violations of environmental laws and
13 regulations. After PG&E has provided such notice, PG&E shall
14 provide a written certification to the RWQCB and the United
15 States that the notice has been completed. Within thirty (30)
16 days of entry of this Consent Decree, PG&E shall also adopt
17 written requirements for providing timely notice to all new
18 employees, contractors, and consultants of the whistleblower
19 system and provide a copy of such written requirements to the
20 RWQCB and the United States.

21 7. The certification required by this section shall
22 be signed by a responsible official and contain the following
23 language:

24 I certify under penalty of law that the information
25 contained in or accompanying this document is true,
26 accurate, and complete to the best of my knowledge,
27 information, and belief.

28 As to the identified portions of this document for
which I cannot personally verify the truth and

1 accuracy, I certify that based on my inquiry of the
2 person or persons directly responsible for gathering
3 the information, the information is true, accurate, and
complete to the best of such persons' knowledge,
information, and belief.

4 A "responsible official" for purposes of this provision means the
5 Manager of PG&E's Legal Compliance and Business Ethics
6 Department, or a president, secretary, treasurer, or vice-
7 president of the corporation, or any person who performs similar
8 policy or decision-making functions for the corporation.

9 V. STIPULATED PENALTIES

10 8. If PG&E fails to make the payment required by
11 Paragraph 3, above, PG&E shall pay, a stipulated penalty of
12 \$1,000 per day for each day that payment is late for the first
13 thirty (30) days that payment is late, and \$5,000 per day for
14 each day that payment is late thereafter.

15 9. Payment of any stipulated penalty due shall be
16 made by electronic funds transfer according to instructions
17 provided by the U.S. Attorney's Office for the Northern District
18 of California, or by cashier's or certified check made payable to
19 "Treasurer, United States of America" and delivered to Charles M.
20 O'Connor at the address given in Paragraph 17 below. Payment
21 shall be made without demand and a copy of the check or evidence
22 of the electronic funds transfer shall be provided to the State
23 and the United States as provided in Paragraph 17 below.

24 VI. RELEASE/COVENANT NOT TO SUE

25 10. Subject to the reservations of rights set forth in
26 Paragraph 12 of this Consent Decree, upon entry of this Consent
27 Decree and PG&E's complete performance of all the obligations set

1 | forth in this Decree, the State releases PG&E and its past and
2 | present officers, directors, employees, and consultants,
3 | including Tenera, Inc. and past or present Tenera employees, and
4 | covenants not to sue or take any civil, criminal, or
5 | administrative action against any of them for any and all
6 | possible past, present, and future claims, demands, causes of
7 | action, penalties, fines, response costs, including but not
8 | limited to possible causes of action under the California
9 | Business and Professions Code, the California Water Code, the
10 | California Public Resources Code, or the public trust doctrine,
11 | or for lost revenues, natural resources damages, costs of
12 | assessing natural resource damages, enforcement or litigation
13 | costs (including attorneys fees) or any other civil, criminal,
14 | legal, or equitable relief arising from the underlying facts set
15 | forth in the complaints filed in this case.

16 | 11. Subject to the reservations of rights set forth in
17 | Paragraph 13 of this Consent Decree, entry of this Consent Decree
18 | and PG&E's complete performance of all the obligations set forth
19 | in this Decree resolves the civil claims of the United States for
20 | the violations alleged in the United States' Complaint. Subject
21 | to the reservations of rights set forth in Paragraph 13 of this
22 | Consent Decree, the United States also covenants not to sue PG&E
23 | for natural resources damages resulting from the entrainment of
24 | organisms in Diablo Canyon's cooling water system prior to the
25 | date the United States executes this Consent Decree.

26 | //

27 | //

28 | PG&E CONSENT DECREE - Page 9

1 VII. RESERVATIONS OF RIGHTS

2 12. The release and covenant not to sue set forth in
3 Paragraph 10, above, do not pertain to any matters other than
4 those expressly specified in that Paragraph. The RWQCB reserves,
5 and this Consent Decree is without prejudice to:

6 a. the RWQCB's authority under California Water
7 Code Sections 13267 and 13383;

8 b. the RWQCB's authority under all applicable
9 laws, regulations, and permits to require PG&E to perform
10 additional or new studies regarding the Diablo Canyon cooling
11 water system's compliance with Section 316(b) of the Clean Water
12 Act;

13 c. the RWQCB's authority under all applicable
14 laws, regulations, and permits to require implementation of BTA
15 and mitigation of environmental impacts.

16 13. The resolution of claims set forth in Paragraph
17 11, above, does not pertain to any matters other than those
18 expressly specified in that Paragraph. The United States
19 reserves, and this Consent Decree is without prejudice to:

20 a. the authority of the United States under
21 Section 308 of the Act, 33 U.S.C. § 1318;

22 b. the United States' authority under all
23 applicable laws, regulations, and permits to require PG&E to
24 perform additional or new studies regarding the Diablo Canyon
25 cooling water system's compliance with Section 316(b) of the
26 Clean Water Act;

27

28 PG&E CONSENT DECREE - Page 10

1 c. the United States' authority under all
2 applicable laws, regulations, and permits to require
3 implementation of BTA and mitigation of environmental impacts;
4 d. all rights against PG&E or any individual
5 with respect to criminal liability;
6 e. all rights against PG&E with respect to
7 natural resources damages resulting from (i) the operation of
8 Diablo Canyon's cooling water system after the date the United
9 States executes this Consent Decree, and (ii) the destruction of,
10 loss of, or injury to natural resources resulting from any
11 process, act, omission, or occurrence other than the entrainment
12 of organisms prior to the date the United States executes this
13 Decree, including, without limitation, natural resources damages
14 resulting from the impingement of organisms on parts of the
15 cooling water system, any temperature change caused by Diablo
16 Canyon, or any other characteristic or condition of the cooling
17 water after its discharge from the cooling water system.

18 14. This Consent Decree in no way relieves PG&E of its
19 responsibility to comply with all applicable federal, state, and
20 local laws, regulations, and permits.

21 15. The RWQCB and the United States reserve all
22 remedies available to enforce the provisions of this Decree.

23 16. This Consent Decree is neither a NPDES permit nor
24 a modification of any existing NPDES permit and shall not be
25 interpreted to be such.

26 //

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28 PG&E CONSENT DECREE - Page 11

1 VIII. NOTICES

2 17. Whenever, under the terms of this Decree, PG&E is
3 required to give written notice to the RWQCB or the United
4 States, it shall reference the civil action numbers of these
5 matters and be directed to the individuals and addresses
6 specified below, unless PG&E has been advised in writing by the
7 receiving party that notice should be directed to a different
8 individual or address:

9 Notices to the State of California, ex rel. the RWQCB:

10 Ken Alex
11 Deputy Attorney General
12 State of California Department of Justice
2101 Webster Street
Oakland, CA 94612-3049,

13 Jennifer Soloway
14 State Water Resources Control Board
Office of Chief Counsel
15 P.O. Box 100,
Sacramento, CA 95812,

16 Roger Briggs
17 Executive Officer,
Regional Water Quality Control Board - Central Coast Region
81 Higuera Street, Suite 200
18 San Luis Obispo, CA 93401-5427

19 Notices to the United States:

20 (Also Reference DOJ No. 90-5-1-1-4348)

21 Chief, Environmental Enforcement Section
22 Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
23 Ben Franklin Station
Washington, D.C. 20044-7611

24 Charles M. O'Connor
25 Assistant United States Attorney
P.O. Box 36055
26 450 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
27

1 Robert R. Klotz
2 Senior Attorney
3 Environmental Enforcement Section,
4 Environment and Natural Resources Division,
5 United States Department of Justice,
6 301 Howard Street, Suite 870,
7 San Francisco, California 94105-2252

8 Laurie Kermish RC-2-4
9 Office of Regional Counsel
10 U.S. Environmental Protection Agency, Region 9
11 75 Hawthorne Street
12 San Francisco, CA 94105-3901

13 Notices to PG&E:

14 John W. Busterud
15 Section Head, Environmental Section
16 Law Department
17 Pacific Gas and Electric Company
18 77 Beale Street- B30A Room 3015
19 P.O. Box 7442
20 San Francisco, CA 94105.

21 IX. RETENTION OF JURISDICTION

22 18. This court shall retain jurisdiction over this
23 matter to implement and enforce the terms and conditions of this
24 Consent Decree.

25 X. MISCELLANEOUS PROVISIONS

26 19. Final approval of this Consent Decree by the
27 United States is subject to the public notice and comment
28 procedure of 28 U.S.C. § 50.7. The United States may withdraw or
withhold its consent if public comments establish, in the United
States' view, that entry of this Consent Decree would be
inappropriate, improper, or inadequate. After reviewing the
public comments, if any, the United States shall advise the Court
and PG&E whether the United States seeks entry of this Consent

1 Decree. PG&E agrees to the entry of this Consent Decree without
2 further notice. Should the United States withdraw its consent to
3 the entry of this Consent Decree, the terms of the Decree shall
4 be null and void.

5 20. Except for the payment by PG&E of \$750,000 to the
6 state for fees and costs to the State Attorney General's Office
7 and the RWQCB, each party shall bear its own costs, attorneys
8 fees, and disbursements in this action. If, however, this Court
9 finds that PG&E has violated this Decree, PG&E shall be liable to
10 the RWQCB and/or United States for all costs, experts' fees, and
11 attorney's fees incurred by the RWQCB and/or the United States in
12 any action or proceeding against PG&E for noncompliance with this
13 Decree.

14 21. This Consent Decree may be modified if the United
15 States, the RWQCB, and PG&E consent in writing to, and the Court
16 approves of, the modification. Nothing in this Paragraph shall
17 be deemed to limit the Court's power to supervise or modify this
18 Consent Decree.

19 22. This Consent Decree contains the entire agreement
20 of the parties hereto with respect to the subject matter hereof
21 and supersedes all prior agreements, understandings, whether oral
22 or in writing.

23 23. With respect to this action, PG&E waives the
24 formal service requirements set forth in Rule 4 of the Federal
25 Rules of Civil Procedure and the formal requirements of any local
26 rule of this Court, including, but not limited to, service of a
27 summons. PG&E agrees to accept service with respect to all

28 PG&E CONSENT DECREE - Page 14

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WE HEREBY CONSENT to the entry of this Consent Decree:

FOR PEOPLE OF THE STATE OF CALIFORNIA EX REL. REGIONAL WATER
QUALITY CONTROL BOARD, CENTRAL COAST REGION; THE STATE WATER
RESOURCES CONTROL BOARD; THE CALIFORNIA DEPARTMENT OF FISH AND
GAME; AND DANIEL E. LUNGREN, ATTORNEY GENERAL:

DANIEL E. LUNGREN, Attorney General
of the State of California
THEODORA BERGER
Assistant Attorney General

DATED: 5/20/97 By Ken Alex
KEN ALEX
Supervising Deputy Attorney General

Attorneys for People of the State
of California ex rel. Regional
Water Quality Control Board,
Central Coast Region; the State
Water Resources Control Board; the
California Department of Fish and
Game; and Daniel E. Lungren,
Attorney General

1 WE HEREBY CONSENT to the entry of this Consent Decree,
2 subject to the public notice and comment provisions of 28 C.F.R.
3 § 50.7:

4 FOR THE UNITED STATES OF AMERICA:

5
6
7
8 DATED: 5/2/97

Lois J. Schiffer
9 LOIS J. SCHIFFER
10 Assistant Attorney General
11 Environment and Natural Resources
12 Division
13 United States Department of Justice

14
15
16 Robert R. Klotz
17 ROBERT R. KLOTZ
18 Senior Lawyer
19 Environmental Enforcement Section
20 Environment and Natural Resources
21 Division
22 United States Department of Justice
23 301 Howard Street, Suite 870
24 San Francisco, California 94105
25 (415) 744-6491

1 FOR THE UNITED STATES OF AMERICA (continued):

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3

4

5



STEVEN A. HERMAN
Assistant Administrator for Enforcement
and Compliance Assurance
United States Environmental Protection
Agency
Washington, D.C. 20460

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EELICIA MARCUS
Regional Administrator
United States Environmental
Protection Agency, Region IX
75 Hawthorne Street
San Francisco, California 94105

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OF COUNSEL:

17

LAURIE KERMISH
Assistant Regional Counsel
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105

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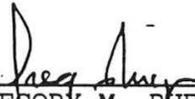
28 PG&E CONSENT DECREE - Page 18

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WE HEREBY CONSENT to the entry of this Consent Decree:

FOR PACIFIC GAS AND ELECTRIC COMPANY:

DATED: May 2, 1997



GREGORY M. RUEGER
Senior Vice President
Pacific Gas and Electric Company

DATED: MAY 1, 1997



RONALD E. VAN BUSKIRK
Pillsbury, Madison & Sutro
P.O. Box 7880
235 Montgomery St, 12th Floor
San Francisco, CA 94120-7880

Counsel to PG&E

Exhibit 1 to the PG&E Consent Decree

MEMORANDUM OF AGREEMENT ("MOA") BETWEEN AND AMONG
THE UNITED STATES OF AMERICA,
ON BEHALF OF THE U.S. ENVIRONMENTAL PROTECTION AGENCY,
THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
(CENTRAL COAST REGION),
THE BAY FOUNDATION OF MORRO BAY, and
THE LOCAL POLICY COMMITTEE
OF THE MORRO BAY NATIONAL ESTUARY PROGRAM

I. INTRODUCTION

A. Morro Bay is approximately 12 miles north of Pacific Gas and Electric Company's ("PG&E's") Diablo Canyon nuclear power plant.

B. The Morro Bay State Estuary Program is designed to prepare a comprehensive management plan for the Morro Bay Estuary, watershed, and nearshore region consistent with Sections 28000-28007 of the California Public Resources Code. The Morro Bay National Estuary Program is designed to prepare and implement a comprehensive conservation and management plan (the "Plan") for the Morro Bay Estuary, watershed, and nearshore region consistent with Section 320 of the Clean Water Act, 33 U.S.C. § 1330.

C. The Local Policy Committee of the Morro Bay National Estuary Program (the "Local Policy Committee") is the executive decision-making body for the National Estuary Program and manages and administers the process of preparing and obtaining the necessary approvals for the Plan. The Local Policy Committee, or its successor, will be responsible for overseeing the implementation of the Plan.

D. The Bay Foundation of Morro Bay ("Bay Foundation"), a nonprofit organization under Section 501(c)(3) of the U.S. Internal Revenue Code, manages and administers funds dedicated to the Morro Bay National Estuary Program.

E. "Early Action Items" are projects that protect or enhance the Morro Bay Estuary, watershed, and nearby marine environment and that the Local Policy Committee, the Foundation, and the Regional Water Quality Control Board - Central Coast District ("RWQCB") - agree should be implemented before the Plan is final.

F. The United States of America, on behalf of the United States Environmental Protection Agency ("U.S. EPA"), and the State of California ex rel. the RWQCB have filed or expect to file complaints in the federal District Court for the Northern District of California against PG&E alleging violations of the federal Clean Water Act and the California Water Code,

respectively, at the Diablo Canyon nuclear power plant. The United States and the State of California ex rel. the RWQCB expect to enter into a Consent Decree with PG&E that settles the federal and state allegations ("Consent Decree").

G. The Consent Decree is expected to require PG&E to transmit a certain sum to the U.S. Attorney's Office for the Northern District of California and for the U.S. Attorney's Office to transfer \$3.66 million of that sum (plus interest) to the Bay Foundation for the sole purpose of implementing the final Plan and/or Early Action Items.

II. USE OF SETTLEMENT PROCEEDS RECEIVED BY THE MORRO BAY NATIONAL ESTUARY PROGRAM

A. The Bay Foundation shall use or disburse moneys received pursuant to the Consent Decree (the "Consent Decree Implementation Fund") only to carry out projects that implement the final Plan and/or Early Action Items. If (as expected) the final Plan calls for the implementation of more projects than can be financed by the Consent Decree Implementation Fund, the projects to be funded by the Consent Decree Implementation Fund shall be selected, if possible, by a consensus of the Local Policy Committee (or any successor to the Local Policy Committee), the Foundation, and the RWQCB. If a consensus cannot be reached, the vote of the RWQCB plus either the Foundation or the Local Policy Committee (or any successor to the Local Policy Committee) shall determine what projects on the final Plan shall be funded with moneys from the Consent Decree Implementation Fund.

B. The Bay Foundation shall not use or disburse money in the Consent Decree Implementation Fund for the preparation of the Plan, public education or environmental awareness projects, or for the office expenses, staff salaries, overhead costs, or administrative costs of the Bay Foundation, the Local Policy Committee, the RWQCB, the State Water Resources Control Board, or the National Estuary Program staff.

C. The Bay Foundation shall keep the Consent Decree Implementation Fund in a segregated account separate from all other moneys.

D. Prior to the expenditure of moneys in the Consent Decree Implementation Fund, the Bay Foundation shall invest the money in the Consent Decree Implementation Fund as would a prudent investor. Investments in U.S. Treasury bills or notes shall be considered prudent investments.

E. The Bay Foundation shall provide monthly financial reports on the Consent Decree Implementation Fund to the RWQCB, the U.S. EPA, and the Local Policy Committee (or any successor to

the Local Policy Committee). Such monthly reports shall include, at a minimum, all expenditures made from and income earned on the Consent Decree Implementation Fund, the current balance of the Fund, a statement of where the moneys in the Consent Decree Implementation Fund are invested, and a description of any withdrawals planned in the coming six-month period. Such a report shall also be prepared and provided to the RWQCB, the U.S. EPA, and the Local Policy Committee (or any successor to the Local Policy Committee) upon request.

F. The Bay Foundation shall provide an annual report to the RWQCB, the U.S. EPA, and the Local Policy Committee (or any successor to the Local Policy Committee). The annual report shall include, at a minimum, all of the information in a monthly report, plus a description of what had been accomplished with Consent Decree Implementation Fund moneys in the past year.

G. If all of the moneys in the Consent Decree Implementation Fund have not been spent or obligated by June 30, 2009, or if the Morro Bay National Estuary Project ceases to exist before that date and before all the moneys in the Consent Decree Implementation Fund have been spent or obligated, any moneys remaining in the Implementation shall be placed into an escrow according to instructions provided to the Foundation by the RWQCB and shall be spent under the direction of the RWQCB, in consultation with the U.S. EPA, on projects benefitting the marine or estuarine environment along the Central California Coast.

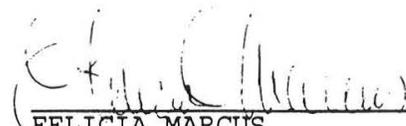
H. The Foundation and the Local Policy Committee (and any successor to the Local Policy Committee) submit to the jurisdiction of the United States District Court for the Northern District of California for the purpose of the enforcement of this MOA.

I. This MOA may be amended with the written approval of the RWQCB, the U.S. EPA, the Bay Foundation, and the Local Policy Committee.

J. Neither the Foundation nor the Local Policy Committee nor any other person or entity shall have any claim or cause of action against the State of California, any state agency, any state employee, the United States of America, any federal agency, or any federal employee if no settlement is reached with PG&E or if a settlement with PG&E does not direct funds to the Morro Bay National Estuary Program. The parties to this MOA understand that any Consent Decree entered into by the United States must be approved by the Assistant Attorney General for the Environment and Natural Resources Division of the U.S. Department of Justice and that the United States reserves the right to withdraw or withhold its consent to the Consent Decree until it has considered public comment on the Consent Decree.

So Agreed:

5/2/12
Date



FELICIA MARCUS
Administrator
U.S. Environmental Protection Agency
Region 9

4-30-97

Date



ROGER BRIGGS
Executive Officer
Regional Water Quality Control Board -
Central Coast Region

5/1/97
Date

Gary Ruggerone
GARY RUGGERONE
President
Bay Foundation of Morro Bay

Date



Laurence L. Laurent
Chair
Local Policy Committee
Morro Bay National Estuary Program

Exhibit 2 to the PG&E Consent Decree

MEMORANDUM OF AGREEMENT

AMONG

SAN JOSE STATE UNIVERSITY FOUNDATION;
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD,
CENTRAL COAST REGION, AND
CALIFORNIA DEPARTMENT OF FISH AND GAME
FOR AN ENDOWMENT FUNDING THE MUSSEL WATCH PROGRAM

MUSSEL WATCH ENDOWMENT

I. Introduction

- A. Pursuant to the Consent Decree entered into by the United States of America on behalf of the United States Environmental Protection Agency, Regional Water Quality Control Board, Central Coast Region (CCRWQCB), and Pacific Gas and Electric Company (PG&E), PG&E will, as part of the settlement, pay \$2.5 million to fund the Mussel Watch Program. That \$2.5 million will be administered as a temporary endowment by Department of Fish and Game (DFG) and San Jose State University Foundation (SJSUF).
- B. The Mussel Watch Program is designed to provide a uniform statewide approach to the detection and evaluation of toxic substances and pollutants in the waters of California's bays, harbors, estuaries, and non-marine tributaries to marine waters through the analysis of water, sediments, mussels, clams, fish and semi-permeable membrane devices. Sampling stations are selected primarily by the six coastal Regional Water Quality Control Boards and the collections and analyses are carried out by DFG and its contractors. The Mussel Watch Program office is currently located in Moss Landing, Monterey County, and operated at the direction of program managers from DFG and SJSUF.
- C. Pursuant to the Consent Decree, PG&E has agreed to pay \$2.5 million to the United States Attorney, Northern District of California, and the United States Attorney will transfer the \$2.5 million to SJSUF. Immediately upon receipt, SJSUF shall place the \$2.5 million into the "Mussel Watch Endowment". The \$2.5 million and any other money deposited into the Mussel Watch Endowment shall be used solely for the Mussel Watch Program and the cost of administering the Mussel Watch Endowment.
- D. The parties anticipate that the \$2.5 million will be sufficient to fund the Mussel Watch Program for at least ten years. It is anticipated that each year all of the earnings from investment of the \$2.5 million plus a portion of the principal will be expended to carry out the Mussel Watch Program and pay for the cost of administering the Mussel Watch Endowment. The longevity

of the Mussel Watch Endowment will vary based on many factors including the return on investment and the cost of carrying out the Mussel Watch Program. The parties anticipate that funds from sources, which have not yet been identified, may be deposited in the Mussel Watch Endowment. If such additional funds are deposited, the Mussel Watch Endowment may have sufficient funding to become a permanent endowment.

II. Operation of the Endowment

A. DFG shall:

1. On an annual basis, direct the SJSUF in dispersal of funds to the Mussel Watch Program, in coordination with the coastal California Regional Water Quality Control Boards, as appropriate.
2. Enter into contracts with various public and private organizations and individuals to provide services to carry out the Mussel Watch Program.
3. Review and approve requests for funding from the Mussel Watch Endowment for equipment, office and laboratory space, and other purposes directly needed to carry out the Mussel Watch Program.
4. Ensure that the position of the Mussel Watch Program Manager for DFG is filled and that the Mussel Watch Program Manager is a qualified individual with experience in conducting mussel watch studies.
5. Review annual financial statements for the Mussel Watch Endowment from SJSUF to ensure that the statements and expenditures are in order.
6. Prepare and approve an annual budget after consulting with the coastal Regional Water Quality Control Boards and SJSUF. The annual budget shall be based on projected income from Mussel Watch Endowment investments and shall balance the goals of covering projected annual Mussel Watch Program goals and expenditures and maximizing the longevity of the Mussel Watch Endowment.
7. Review and approve all invoices and other requests for payments from Mussel Watch Endowment Funds.

III. Terms and Conditions

- A. The Endowment's goal is to ensure the continued operation of the Mussel Watch Program for at least ten years by:
1. Establishing an annual minimum Mussel Watch Program funding level as determined by DFG in consultation with SJSUF. Dedicating a portion of the annual minimum funding to the employment of students from SJSUF as long as the Mussel Watch Program is located in Moss Landing.
 2. Exceeding the minimum annual Mussel Watch Program funding level in any given year only when it will not jeopardize minimum annual Program funding for any of the remaining years in the ten-year period.
 3. Budgeting \$200,000 for each five-year period for funding equipment required for carrying out the Mussel Watch Program.
 4. Investing the Endowment principal in conjunction with the investment of other endowments at SJSUF.
 5. Limiting administration fee charges to the Mussel Watch Endowment to the standard amount charged other endowments at SJSUF.
 6. Limiting the administration fee charges on the annual amount of operating funds to the standard overhead rate charged all operating (campus program) accounts at SJSUF.
- B. It shall be a goal of DFG and SJSUF to obtain additional funds to be deposited in the Mussel Watch Endowment to pay for the Mussel Watch Program beyond the initial ten-year period.
- C. If this Mussel Watch Program ceases to exist prior to the exhaustion of funds in the Mussel Watch Endowment, then CCRWQCB and SJSUF shall determine the most appropriate water quality protection use of the remaining funds.
- D. Any amendments to this Agreement shall be approved by CCRWQCB, DFG, and SJSUF.
- E. If DFG, SJSUF, CCRWQCB or any other coastal Regional Water Quality Control Board or the State Water Resources Control Board determines that funds from the Mussel Watch Endowment are being spent for purposes other than those

8. Review and approve payments to SJSUF to pay for services provided by SJSUF to administer the Mussel Watch Endowment.
9. Ensure that Mussel Watch Endowment funds are expended only for the purpose of carrying out the Mussel Watch Program and administering the Mussel Watch Endowment. At least 90 percent of annual Mussel Watch Endowment expenditures shall be used for sampling, analysis, and reporting activities (including field staff and contractors who perform and oversee sampling, analysis, and reporting) and equipment, office space and laboratory facilities-used directly for sampling, analysis, and reporting work.
10. Prepare and submit to all the coastal Regional Water Quality Control Boards, including CCRWQCB, an annual report, which shall include the Mussel Watch Endowment's financial status; the expenditures made from the Mussel Watch Endowment, including but not limited to, service contracts, staff salaries and equipment, and a detailed summary of all accomplishments of the Mussel Watch Program that were funded by the Mussel Watch Endowment. The annual report shall be a public document.

B. The SJSUF shall:

1. Ensure that the position of Mussel Watch Program Manager for SJSUF is filled with a qualified individual.
2. Invest the Mussel Watch Endowment funds in investments which are in the best interest of the Mussel Watch Endowment and which have been approved by DFG.
3. Provide quarterly reports of the Mussel Watch Endowment's financial status to DFG and provide periodic reports of the Mussel Watch Endowment financial status to DFG upon DFG's request.
4. Provide information and consultation to DFG when it is preparing and approving the annual budget for the Mussel Watch Endowment.
5. Make disbursements from the Mussel Watch Endowment in accordance with DFG approvals of invoices and other payment requests.

authorized by this agreement or subsequent amendment to this agreement, they may enforce the terms of this agreement in any manner authorized by law. This paragraph does not limit the right of any party to this Agreement to enforce the terms of this Agreement.

IV. Notices and Reports

Notices and reports required by this Agreement shall be transmitted to the following addresses:

RWOCB:

Roger W. Briggs
Executive Officer
Regional Water Quality Control
Board, Central Coast Region
81 Higuera Street, Suite 200
San Luis Obispo, CA 93401-5427

SJSUF:

Kent Gibson
Executive Director
San Jose State University Foundation
Post Office Box 720130
San Jose, California 95172-0130

DFG:

Mark Stephenson
Director
Marine Pollution Studies
Department of Fish and Game
Post Office Box 747
Moss Landing, CA 95039

Roger W. Briggs

Roger W. Briggs
Executive Officer
Regional Water Quality Control
Board, Central Coast Region

2-10-97

Date

-6 of 8-

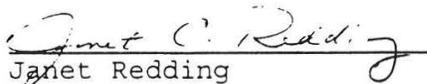
MOA:
MUSSEL WATCH ENDOWMENT



Kent Gibson
Executive Director
San Jose State University Foundation

2-3-97

Date



Janet Redding
Vice President
of University Advancement
San Jose State University

11/3/97

Date

Jacqueline E. Schafer
Jacqueline E. Schafer
Director
Department of Fish and Game

March 7, 1997
Date

Approved as to
legal form and sufficiency

Craig Manson
CRAIG MANSON, General Counsel

-8 of 8-

MOA:
MUSSEL WATCH ENDOWMENT

Exhibit 3 to the PG&E Consent Decree

MEMORANDUM OF AGREEMENT ("MOA") BETWEEN AND AMONG
THE LEAGUE FOR COASTAL PROTECTION,
THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
(CENTRAL COAST REGION),
and THE LAND CONSERVANCY OF SAN LUIS OBISPO

Regarding

Restoration Project For
Lower San Luis Creek
in
San Luis Obispo County

Introduction

San Luis Creek initiates in its headwaters on the southern side of Cuesta Ridge and travels 18-miles to its terminus at Avila Beach. The Creek's watershed encompasses approximately 84 square miles. In 1994 the Land Conservancy of San Luis Obispo ("Land Conservancy") completed the Lower San Luis Obispo Creek Riparian Restoration and Management Program. This study, under the direction of the California Regional Water Quality Control Board - Central Coast Region ("RWQCB"), resulted in the Land Conservancy's acquisition of a conservation easement along a portion of lower San Luis Creek through the golf course and the restoration of 2,000 feet of the stream bank. As more fully described below, the Land Conservancy shall use the Thirty Thousand Dollars (\$30,000) in environmental enhancement money to assist in restoring the streambanks along the lower San Luis Creek on property within the existing conservation easement.

Restoration Area

The restoration area is located along the banks of lower San Luis Creek, near its mouth at Avila Beach. This site has been subjected, in the past several years, to episodic flooding from

large storms, which has resulted in streambank destabilization, loss of vegetation, erosion and sedimentation. The current site has some native plants remaining on the banks, such as willows and occasionally oak. However, because of golf course development and the past recent storms, many of the trees have been lost to erosion.

Species Selections

The restoration area will be primarily revegetated with species characteristic of Coastal Riparian Woodland, including species indigenous to the project area, to prevent further erosion and promote streambank stabilization. The following species will be used to revegetate:

Trees:

Quercus agrifolia (coast live oak)

Acer negundo (box elder)

Juglans californica (California black walnut)

Sambucus mexicana (elderberry)

Populus trichocarpa (Black Cottonwood)

Platanus racemosa (Sycamore)

Salix lasiolepis (arroyo willow)

Shrubs

Ribes speciosum (flowering gooseberry)

Rosa californica (California rose)

Rubus ursinus (blackberry)

Zauchneria californica (California fuchsia)

Artemisia douglasiana (mulefat)

Planting and Maintenance

The trees and shrubs will be planted in the locations selected and marked in the field by a plant ecologist. The sites for oak plantings will include suitable habitats along the banks, in fringe areas of the riparian zone. The willows will be placed closer to the active stream channel. The cottonwoods and sycamores will be placed in the riparian zone between the willows and extending into the zone for oak plantings. Reasonable measures will be undertaken to protect the trees and shrubs once they are planted to ensure their survival.

The oak trees, cottonwoods and sycamores will be irrigated for approximately five (5) years until they become established. The source of water for irrigation will be provided by Avila Bay Golf Course. The species mix of the establishing plant cover on the site will be regularly examined and monitored to determine if adjustments of the relative abundance of the native trees and shrubs are necessary. These adjustments may include planting additional individuals of one of the native species that are not becoming established at the desired densities or removing individuals of a species that are becoming established at a higher than desired density.

A certain amount of mortality is expected as part of this revegetation project. Mortality rates will be only one measure of a species success as a revegetation species for the River. As part of a contingency plan, if a species reaches a mortality rate greater than 70%, the dead plants will be replaced with a different indigenous species of the San Luis Creek. This new species will then be monitored for success.

The project site will be monitored for erosion for approximately five (5) years as part of this revegetation project. After restoration, additional erosion control measures may be installed based on the experience during the revegetation process.

Funding

The Land Conservancy shall keep the money obtained through the Consent Decree in a segregated account separate from all other moneys. Money from the segregated account shall be spent solely on the restoration of the lower San Luis Creek (and costs associated with that restoration), as described above.

Accounting

The Land Conservancy shall provide quarterly financial reports to the U.S. EPA and the RWQCB, which shall include all expenditures made from and income earned on the segregated account money.

Annual Report

The Land Conservancy shall provide an annual report to the U.S. EPA and the RWQCB, which shall include a description of what has been accomplished with the segregated account money during the past year.

Jurisdiction

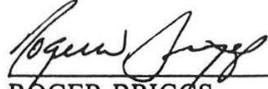
The Land Conservancy submits to the jurisdiction of the United States District Court for the Northern District of California for the purpose of the enforcement of this MOA.

Modification

This MOA may amended with the written approval of the League for Coastal Protection, the RWQCB, and the Land Conservancy.

So Agreed:

5-21-97
Date



ROGER BRIGGS
Executive Officer
Regional Water Quality Control Board -
Central Coast Region

5-15-97
Date



MELVIN L. NUTTER
Chairperson
League for Coastal Protection

5-13-97
Date



RAYMOND K. MELKNAP
Executive Director *B RB*
Land Conservancy of San Luis Obispo County

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CERTIFICATE OF SERVICE BY MAIL

I, Sharon Cipparrone, hereby certify and declare:

1. I am over the age of 18 years and am not a party to this case.

2. My business address is 301 Howard Street, Suite 870, San Francisco, California 94105.

3. I am familiar with my employer's mail collection and processing practices; know that said mail is collected and deposited with the United States Postal Service on the same day it is deposited in interoffice mail; and know that postage thereon is fully prepaid.

4. Following said practice, on May 27, 1997, I served a true copy of the attached document(s) entitled:

NOTICE OF LODGING OF CONSENT DECREE

by placing it in an addressed sealed envelope with postage fully prepaid, and depositing it in regularly maintained interoffice mail to the following:

SEE ATTACHED LIST

I declare under the penalty of perjury that the foregoing is true and correct.

Executed on MAY 27, 1997, at San Francisco, California.

Sharon Cipparrone
SHARON CIPPARRONE

SERVICE LIST

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John W. Busterud
Section Head, Environmental Section
Law Department
Pacific Gas and Electric Company
77 Beale Street- B30A Room 3015
P.O. Box 7442
San Francisco, CA 94105

Ronald E. Van Buskirk
Pillsbury, Madison & Sutro
P.O. Box 7880
San Francisco, CA 94120-7880

Ken Alex
Supervising Deputy Attorney General
State of California Department of Justice
2101 Webster Street
Oakland, CA 94612-3049

John E. Grasberger
Milberg Weiss Bershad Hynes & Lerach
222 Kearney Street, 10th Floor
San Francisco, CA 94108

Charles S. Crandall
Law Offices of Charles Stevens Crandall
110 West C St., Suite 711
San Diego, CA 92101-3906



California Regional Water Quality Control Board Central Coast Region

RECEIVED MAR 13 2009



Linda S. Adams
Secretary for
Environmental
Protection

Internet Address: <http://www.waterboards.ca.gov/centralcoast>
895 Aerovista Place – Suite 101, San Luis Obispo, CA 93401-7906
Phone (805) 549-3147 • FAX (805) 543-0397

Arnold Schwarzenegger
Governor

March 11, 2009

Joel Neel
The Bay Foundation of Morro Bay
601 Embarcadero, Suite 11
Morro Bay CA 93442

RE: Consent Decree Implementation Fund for Morro Bay

Dear Joel

On behalf of the Central Coast Regional Water Quality Control Board, I would like to express my appreciation for the work of the Bay Foundation and the Morro Bay National Estuary Program in managing and applying the Consent Decree funds to help protect and improve water quality in the Morro Bay Estuary and watershed. The \$3.66 million dollars committed to this effort has been put to use on a wide variety of worthy projects, and has served as seed money to help the Estuary Program bring in over four times that amount in additional funding for water quality protection.

The Estuary Program's Comprehensive Conservation and Management Plan was still being drafted and the organization had not yet shifted to implementation when the Consent Decree funds were committed to these efforts. To ensure that the funds would be put to use as intended, the Consent Decree includes a date of June 2009 for the funds to be 'spent or obligated' towards Morro Bay projects, after which the Regional Board has discretion to apply them to Region wide efforts.

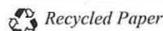
Following up on our discussions over the June 2009 'spend by' date, this letter clarifies our position that the date is now moot because the original Consent Decree of \$3.66 million dollars has been fully spent or obligated. The intent of that language, that the funds not sit idle, has been met. The Foundation's investment strategy has generated earnings and interest that remain available for projects that implement the CCMP; the allocation and expenditure of those funds should proceed on a timeline that provides maximum benefit to the estuary. As the remaining funds derive from the original Consent Decree, we would like to continue to receive regular annual reporting on the status and use of the those funds, and will continue to participate in the decision making process for allocation of those funds.

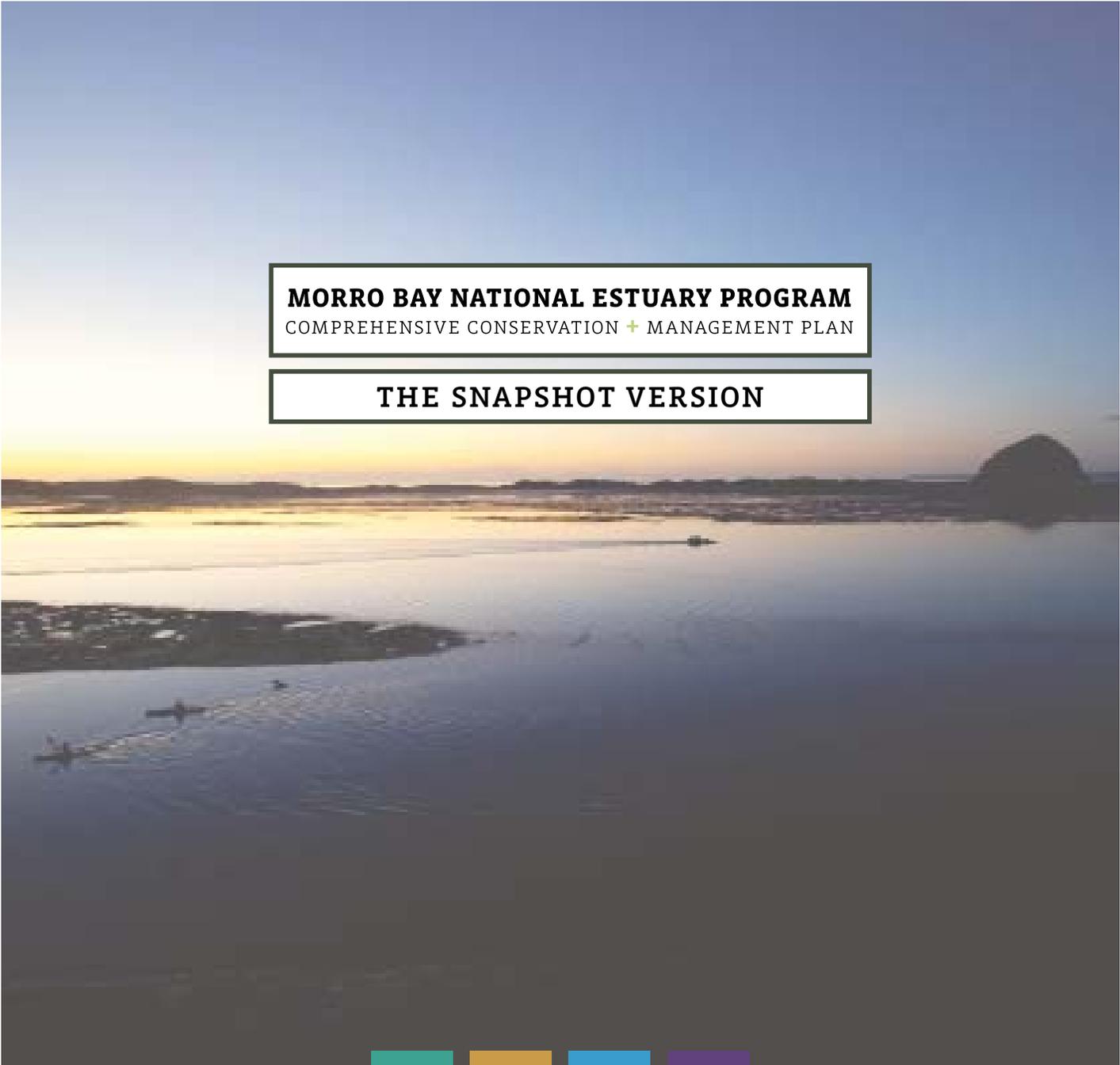
Sincerely,

Roger W. Briggs
Executive Officer

Document1

California Environmental Protection Agency





MORRO BAY NATIONAL ESTUARY PROGRAM
COMPREHENSIVE CONSERVATION + MANAGEMENT PLAN

THE SNAPSHOT VERSION



2012 UPDATE
PREPARED BY: MORRO BAY NATIONAL ESTUARY PROGRAM
MORRO BAY, CALIFORNIA

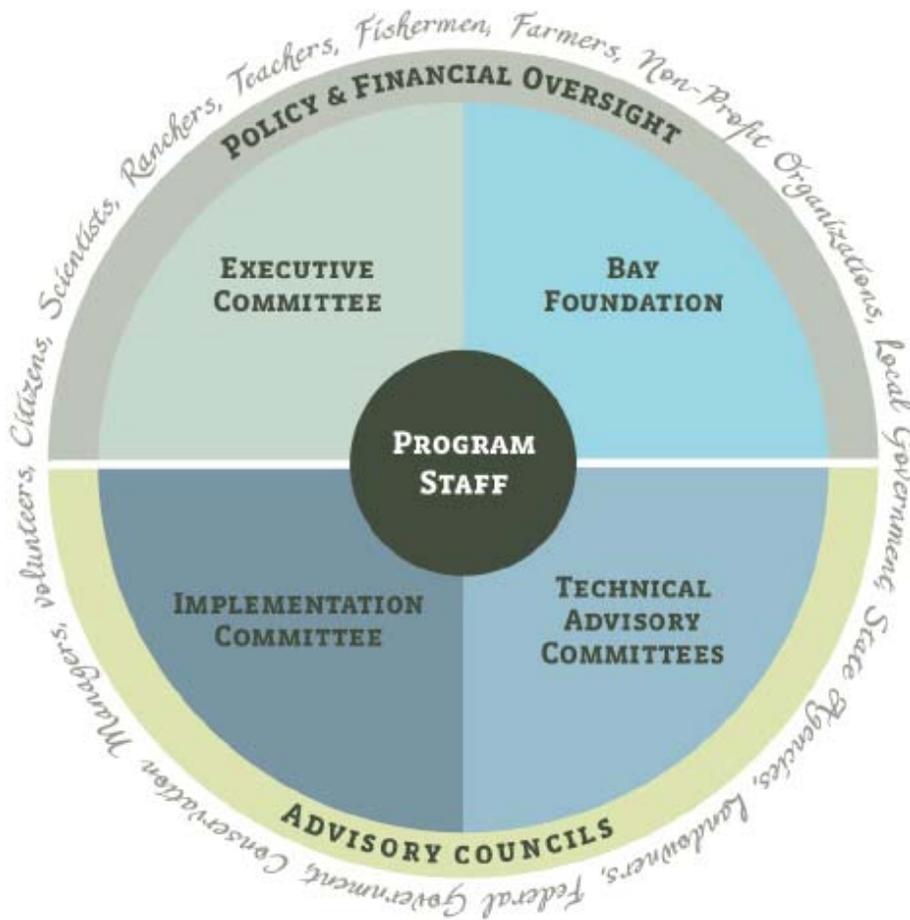
MORRO BAY NATIONAL ESTUARY PROGRAM

The Morro Bay National Estuary Program works to protect and restore the Morro Bay estuary for people and wildlife. The Estuary Program is a collaborative, non-regulatory, non-profit organization that brings citizens, local governments, non-profit organizations, state and federal agencies, and landowners together to support a healthy environment and vibrant local communities.

The Morro Bay estuary is a 2,300 acre semi-enclosed body of water where freshwater flowing from the land mixes with the saltwater of the sea. The estuary environment encompasses the lower reaches of Chorro and Los Osos creeks, a wide range of wetlands, salt and freshwater marshes, intertidal mud flats, eelgrass beds, and other sub-tidal habitats. Morro Bay hosts one of the most significant and least disturbed wetland systems on the central and southern California coast.

COMPREHENSIVE CONSERVATION AND MANAGEMENT PLAN

The Comprehensive Conservation and Management Plan (CCMP) defines the priority issues facing the health of the Morro Bay estuary and watershed and presents action plans to effectively address those issues. The CCMP is the guiding document for the Estuary Program, and was developed through the dedication and hard work of numerous community members and partners.





WATERSHED GOALS

Codifying strong, visionary goals for the CCMP will help the Estuary Program and its partners maintain focus on the long-term outcomes desired for the Morro Bay estuary and watershed. The goals listed below articulate a long-term vision for the four main areas of the Estuary Program.

Water Quality Protection and Enhancement

Water quality in the Morro Bay watershed and estuary supports diverse habitats and wildlife populations, recreation, clean drinking water, and well-balanced economic uses.

One of the main tenets of the National Estuary Program (NEP) is to protect and restore water quality, as the NEP is part of the federal Clean Water Act. This goal illustrates the aspiration for clean water that supports a variety of uses by people and wildlife in Morro Bay.

Ecosystem Restoration and Conservation

The Morro Bay watershed and estuary sustain a resilient community with high habitat connectivity, ample biological integrity, proper ecosystem function, and a vibrant economy.

This goal illustrates the Estuary Program's interest in conserving and restoring habitats, biodiversity, and ecosystem processes, all of which affect the local economy. The goal also envisions a healthy ecosystem and economy even in the face of change.

Public Education, Outreach, and Stewardship

Citizens and visitors around Morro Bay understand basic estuary science and the impacts of specific actions on estuary health, and are engaged stewards of the Morro Bay estuary and watershed.

This goal represents the importance of informed and engaged citizens for the future health of Morro Bay and a vision that community members will increasingly become stewards of the estuary.

Fostering Collaboration

Local citizens, local government, non-profits, state and federal agencies, and public and private landowners collaborate and leverage resources to facilitate effective management and increased scientific knowledge of the Morro Bay estuary and watershed.

Another core tenet of the NEP is collaboration, as described in the Clean Water Act. This goal showcases the Estuary Program's commitment to fostering collaboration to effectively understand and manage the resources of Morro Bay.

PRIORITY ISSUES, FOCUS AREAS, AND ACTION PLANS

The CCMP describes seven priority issues impacting the health of the Morro Bay estuary and watershed. These issues were identified through grassroots public participation, scientific study, and more than a decade of conservation and restoration experience. They are:

- Accelerated sedimentation
- Bacterial contamination
- Elevated nutrient levels
- Toxic pollutants
- Scarce freshwater resources
- Preserving biodiversity
- Environmentally balanced uses

The Estuary Program will direct its work toward a primary focus for each priority issue over the next five years. The Estuary Program will specify which action plans will be implemented to address each primary focus in its annual workplan. (The annual workplan is completed each spring and outlines the tasks to be undertaken the following year.) The focus areas are not meant to limit the Estuary Program or preclude work in other areas, but instead to provide strategic direction about what projects and partnerships to pursue.

WATERSHED GOALS

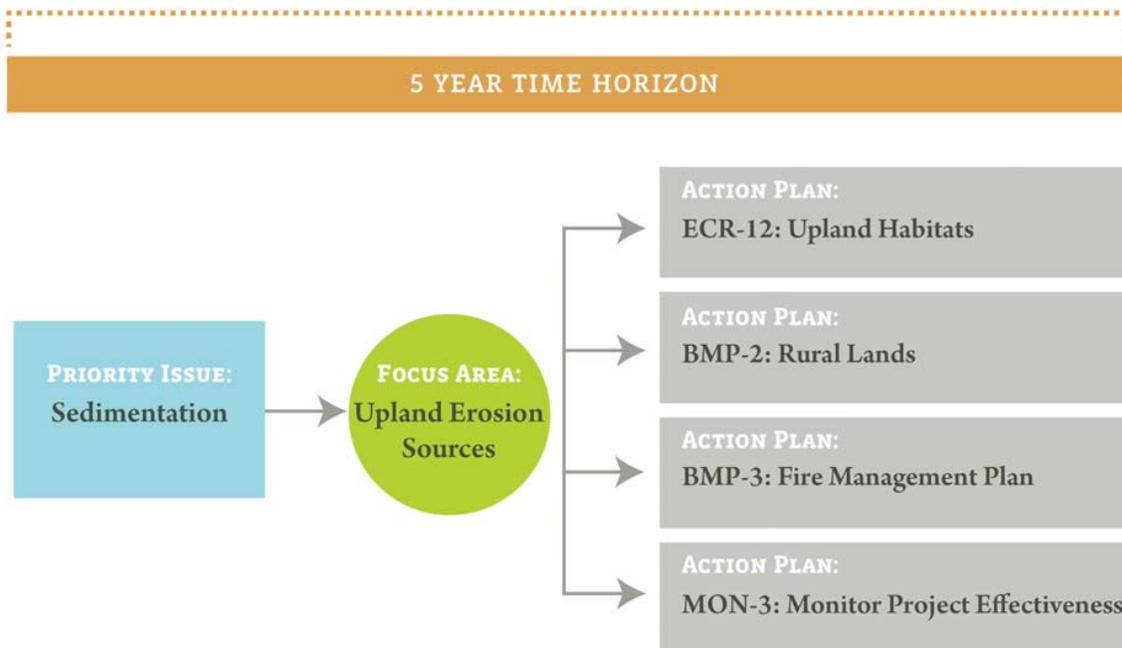


FIGURE 1: AS WITH ALL OF THE ESTUARY PROGRAM'S WORK, THE FOUR GOALS DESCRIBED IN CHAPTER 1 OVERARCH ALL THE PRIORITY ISSUES. EACH PRIORITY ISSUE HAS ONE PRIMARY FOCUS, DESCRIBED BELOW. A NUMBER OF RELEVANT ACTION PLANS CAN BE USED TO ADDRESS EACH FOCUS AREA OVER THE 5-YEAR TIME HORIZON. SEDIMENTATION IS USED HERE AS AN EXAMPLE.

FOCUS AREAS

Sedimentation Primary Focus: Upland erosion sources

Goal: Address erosion problems in the upper watershed, including improvements to rural roads and fire management, and develop a better understanding of relative erosion from individual sub-watersheds to help prioritize upland implementation projects.

Outcome: Upgrade high priority eroding roads and reduce sediment delivery to Chorro Creek and its tributaries.

Measure: Estimated sediment load reductions; miles of roads upgraded. Updated fire management plan for the watershed.

Bacteria and Nutrients Primary Focus: (These two priority issues overlap in the case of some sources and solutions, so one focus area was chosen to address both. In addition, a second focus area was identified for bacteria in the estuary.)

- **Stormwater management (to address bacteria and nutrients)**

Goal: Strengthen the collective understanding of the dynamics of stormwater as a mechanism for transporting bacteria and nutrients and implement best management practices and projects to address pollutant sources.

Outcome: Estuary Program supports partner efforts (including data sharing) to increase the understanding of stormwater dynamics. Estuary Program directly supports the implementation of best management practices (BMPs) to address nutrient and bacteria sources.

Measure: Stormwater volume subject to BMPs. Estimated reductions in pollutants due to BMPs implemented by the Estuary Program and partners.

- **Disposal of waste in the estuary (to address bacteria)**

Goal: Continue to support city efforts to maintain functioning and easily accessible pump-out facilities, encourage alternative pump-out options, and educate the boating public about proper waste disposal.

Outcome: Estuary Program participates in city efforts to install or upgrade pump-out facilities and actively encourages alternative pump-out options. Estuary Program and partners complete at least two seasons of a boater education campaign that addresses bacteria and toxics, reaching a majority of slip and mooring renters. (See also the focus area for Toxic Pollutants).

Measure: Amount of waste diverted by pump-out facilities and alternative options. Number of education campaigns completed and number of boaters reached.

Toxics Primary Focus: Marina and boat-related toxics

Goal: Implement projects designed to reduce toxic inputs to the bay from marina and boating activities, such as: removal of abandoned vessels and illegal moorings, purchasing supplies for oil spills preparedness, and facilitating access to disposal facilities. Implement education and outreach activities to increase awareness among the boating public about proper disposal of hazardous waste and use of bay-friendly alternatives.

Outcome: Estuary Program continues strong partnership with City of Morro Bay to address derelict boats and illegal moorings as they occur. City of Morro Bay's capacity to address oil spills is maintained at existing levels. Estuary Program and partners complete at least two seasons of a boater education campaign that addresses bacteria and toxics, reaching a majority of slip and mooring renters.

Measure: Amount of toxics diverted, if applicable to projects completed. Capacity to address oil spills and number of incidents addressed by local responders. Number of education campaigns completed and number of boaters reached.

Freshwater Resources Primary Focus: Water budgets and water conservation

- **Water budgets**

Goal: Participate in efforts to define water budgets for Chorro Creek and Los Osos Valley watersheds to better inform water conservation and freshwater flow management.

Outcome: Estuary Program will support our partners in defining a water budget for Los Osos Valley and Chorro Creek watersheds. Water budgets are shared with relevant stakeholders and managers.

Measure: Completion of water budget for Los Osos Valley and Chorro Creek watersheds and dissemination of information to stakeholders.

- **Water conservation**

Goal: Engage in outreach and education efforts concerning water conservation and support local agencies and partners in improving water conservation at a broader scale.

Outcome: Estuary Program continues implementation of the “Clean Water, Great Life” campaign and creates at least three new outreach tools based on the campaign. Estuary Program actively supports local agencies and partners in improving water conservation within the watershed.

Measure: Number of projects that Estuary Program collaborates with local agencies and partners. Change in local water conservation at the household/landowner level.

Biodiversity Primary Focus: Informing effective restoration

Goal: Identify a network of interconnected lands to focus conservation efforts that provide critical habitat for sensitive species; high biodiversity patterns; essential ecosystem services and functions; and provide the greatest opportunity for biodiversity to adapt naturally in a changing and variable environment.

Outcome: Estuary Program completes a conservation planning effort that identifies areas of focus for conservation and restoration efforts based on the following criteria: critical habitat for sensitive species; high biodiversity patterns; essential ecosystem services and functions; and providing opportunity for adaptation and preserving resilience in a changing and variable environment.

Measure: Completed conservation plan as described, with implementation goals for next five years.

Environmentally Balanced Uses Primary Focus: Define future efforts

Goal: Over the next five years, the Estuary Program will focus its efforts to address environmentally balanced uses on determining the key areas of concern under this priority issue and developing approaches to address those concerns.

Outcome: Estuary Program engages partners and stakeholders in developing a plan for implementing actions that address environmentally balanced uses.

Measure: Completed plan to address the priority issue that engages partners and outlines specific actions, with implementation goals for the next five years.

ACTION PLANS

To address the priority issues and primary focus areas, the CCMP outlines a number of action plans to bring about positive environmental change in the watershed and estuary. These are the heart of the CCMP and were developed through the dedication and hard work of numerous community members and partners. Many of these actions plans are based on those described in the 2001 CCMP; some are new action plans to address new and emerging issues or techniques. Each action plan can address multiple priority issues and focus areas. The action plans are tools to achieve conservation success and they will be implemented as they are relevant to the focus areas and priority issues of the Estuary Program. The Estuary Program prepares an annual workplan that specifies the action plans to be implemented each year.

MORRO BAY NATIONAL ESTUARY PROGRAM
COMPREHENSIVE CONSERVATION + MANAGEMENT PLAN

Table 1: A matrix documenting which priority issues are addressed by each action plan.

Categorized Action Plans		CCMP Priority Issues						
		Bacteria	Nutrients	Toxics	Sediment	Bio-diversity	Fresh-water Flows	Balanced Uses
Land Protection								
LP-1	<i>Protect Special Habitats/Species</i>					x		
LP-2	<i>Restore Floodplains</i>		x		x	x	x	
LP-3	<i>Direct Urban Development</i>	x	x	x	x	x	x	x
LP-4	<i>Reduce Water Demand</i>					x	x	
LP-5	<i>Enhance Public Recreation</i>							x
Water Quality Standards and Monitoring								
TMDLs								
MON-1	<i>Support Development of TMDLs</i>	x	x	x	x			x
Monitoring Approaches								
MON-2	<i>Monitor Environmental Indicators</i>	x	x	x	x	x	x	x
MON-3	<i>Monitor Project Effectiveness</i>	x	x	x	x	x	x	x
Volunteer Monitoring Program (VMP)								
MON-4	<i>Maintain VMP</i>	x	x	x	x	x	x	x
Monitoring Partners								
MON-5	<i>Support Partners</i>	x	x	x	x	x	x	x
MON-6	<i>Support Research Activities</i>	x	x	x	x	x	x	x
Best Management Practices								
Agricultural and Grazing								
BMP-1	<i>Agricultural and Grazing BMPs</i>	x	x		x	x	x	x
Rural Lands								
BMP-2	<i>Rural Roads Erosion</i>		x		x	x		
BMP-3	<i>Fire Management Plan</i>				x	x		
BMP-4	<i>Mine Remediation</i>		x	x	x	x		
Urban								
BMP-5	<i>Support BMPs by private land-owners and municipalities</i>	x	x	x	x			x
BMP-6	<i>Reduce Pet Waste</i>	x						
BMP-7	<i>Support Stormwater BMPs</i>	x	x	x	x			x
Boating								
BMP-8	<i>Harbor Operations BMPs</i>	x		x		x		x
BMP-9	<i>Boating BMPs</i>	x		x		x		x
Municipal Wastewater Plants								
BMP-10	<i>Los Osos Wastewater</i>	x	x					x
BMP-11	<i>CMC Wastewater</i>	x	x			x	x	
BMP-12	<i>MB Wastewater</i>	x	x					

Categorized Action Plans		CCMP Priority Issues						
		Bacteria	Nutrients	Toxics	Sedi-ment	Bio-diversity	Fresh-water Flows	Balanced Uses
Ecosystem Conservation and Restoration								
Riparian								
ECR-1	<i>In-stream Habitat</i>	x	x			x	x	
ECR-2	<i>Riparian Corridors</i>	x	x		x	x	x	
Wetlands								
ECR-3	<i>Wetlands Protection and Enhancement</i>	x	x			x		x
ECR-4	<i>Wetlands Inventory</i>	x	x			x		x
Estuarine								
ECR-5	<i>Sediment Traps</i>				x	x		
ECR-6	<i>Hydrology and Bathymetry</i>				x	x	x	
ECR-7	<i>Eelgrass Data and Research</i>					x		x
ECR-8	<i>Eelgrass Restoration</i>					x		x
ECR-9	<i>Regional and National Collaboration</i>	x	x	x	x	x	x	x
ECR-10	<i>Nutrient and Bacteria Dynamics</i>	x	x					
ECR-11	<i>Conserve Ecosystem Functions</i>	x	x	x	x	x		x
Upland								
ECR-12	<i>Upland Habitats</i>					x		
Special Status Species and Recovery Plans								
ECR-13	<i>Population Dynamics</i>					x		
ECR-14	<i>Support Recovery Plans</i>					x		
ECR-15	<i>Steelhead Barriers and Habitat</i>					x	x	
Invasive Species								
ECR-16	<i>Invasive Species Action Plan</i>				x	x	x	x
Watershed Crew								
CREW-1	<i>Watershed Crew</i>	x	x	x	x	x	x	x
Freshwater Flow								
Resource Management								
FWR-1	<i>Manage Freshwater Resources</i>					x	x	x
FWR-2	<i>Scientific Information for Management</i>					x	x	x
FWR-3	<i>Understand Flow for Public Trust Resources</i>					x	x	x
FWR-4	<i>Chorro Valley Water Users Group</i>					x	x	x
Water Conservation and Re-Use								
FWR-5	<i>Water Conservation</i>					x	x	x
FWR-6	<i>Groundwater Re-charge</i>					x	x	x
Climate Change								
CLIM-1	<i>Climate Change Information</i>	x	x	x	x	x	x	x
CLIM-2	<i>Climate Action Plans</i>	x	x	x	x	x	x	x
CLIM-3	<i>Climate and Adaptation Education</i>	x	x	x	x	x	x	x

Categorized Action Plans		CCMP Priority Issues						
		Bacteria	Nutrients	Toxics	Sedi- ment	Bio- diversity	Fresh- water Flows	Balanced Uses
Environmentally Sound Estuarine Resource Use								
Recreational Uses								
USE-1	<i>Recreational Uses</i>					x		x
Shellfish Farming								
USE-2	<i>Shellfish Farming</i>	x				x		x
Commercial Fishing								
USE-3	<i>Commercial Fishing Port Uses</i>			x				x
Morro Bay Power Plant								
USE-4	<i>Morro Bay Power Plant</i>					x		x
Urban Development								
USE-5	<i>Urban Development</i>	x	x	x	x	x	x	x
Education and Outreach								
Public Education and Outreach								
EO-1	<i>Public Education and Outreach</i>	x	x	x	x	x	x	x
State of the Bay								
EO-2	<i>State of the Bay</i>	x	x	x	x	x	x	x
Nature Center and Related Displays								
EO-3	<i>Nature Center</i>	x	x	x	x	x	x	x
Formal Education Programs								
EO-4	<i>Formal Education Programs</i>	x	x	x	x	x	x	x

The action plans are organized by categories of similar action, not priority issue like the original CCMP. This makes it easier to track how action plans address multiple priority issues. Leveraging each action for the greatest impact will allow the Estuary Program and its partners to effect greater change in a more strategic fashion. Each action plan includes a short discussion followed by a list of partners, timeframe, cost estimates, and ways that the implementation of the action plan can be tracked. To read more about the specific action plans, please refer to Chapter 3 of the CCMP document.

VISIT THE ESTUARY PROGRAM'S WEBSITE FOR THE COMPLETE CCMP DOCUMENT: WWW.MBNEP.ORG



Map of Morro Bay Watershed Boundary



The Morro Bay estuary watershed covers approximately 48,000 acres of land and includes the City of Morro Bay, the town of Los Osos, Cuesta College, and a state prison.



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