

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

PROPOSED RESOLUTION NO. R3-2022-0015

**PACIFIC GAS & ELECTRIC COMPANY
SETTLEMENT FUNDS ALLOCATION PLAN**

The California Regional Water Quality Control Board, Central Coast Region (hereafter Central Coast Water Board) finds that:

Background

1. In May 2012, the Central Coast Water Board unanimously approved Resolution R3-2012-0024 establishing the Central Coast Ambient Monitoring Program; Groundwater Assessment and Protection (CCAMP-GAP) as the groundwater component of the Central Coast Ambient Monitoring Program (CCAMP) and providing funding for associated projects.
2. In December 2012, the Central Coast Water Board, and the Bay Foundation of Morro Bay (Bay Foundation), a 501(c)(3) nonprofit organization, entered into the CCAMP-GAP Fund agreement establishing endowment and operational accounts.
3. Since 2008, the Bay Foundation has provided administrative support to the Central Coast Water Board under a grant agreement for the implementation of water quality related projects. The Bay Foundation has a Board of Directors that oversees the finances and policies of the organization. The mission of the Bay Foundation is to lead in restoring, enhancing, and protecting the marine resources and watersheds of Morro Bay and the Central Coast of California. The Bay Foundation manages several water quality monitoring and conservation programs, including the Morro Bay National Estuary Program. The Bay Foundation is financially stable and capable of successfully implementing and completing environmental projects. Due to the receipt of federal grant funding, the Bay Foundation is also subject to federal financial audits and federal procurement and contracting requirements.
4. The Rose Foundation for Communities and the Environment (Rose Foundation) is a grant making public charity with extensive experience and demonstrated

success in implementing grant programs that support community-based projects and organizations that support environmental and social justice, including water quality projects aligned with the Central Coast Water Board's priorities. Central Coast Water Board staff has tentatively identified and is coordinating with the Rose Foundation to implement the Community-Based Water Quality Grants Program described below.

5. The Central Coast is a groundwater dependent hydrogeologic region for its critical drinking water resource with diverse land uses and demographics. Data indicates that groundwater basins in the Central Coast Region have some of the most significant groundwater pollution in the state.
6. The purpose of CCAMP-GAP is to provide comprehensive monitoring and assessment of groundwater for the Central Coast Region. In addition to groundwater monitoring and assessment, CCAMP-GAP supports the implementation of a variety of priority projects with an emphasis on addressing groundwater quality related public health, drinking water, and environmental justice issues. This is accomplished through implementing regional groundwater monitoring programs and groundwater related projects that evaluate water quality and inform or facilitate the restoration and protection of groundwater beneficial uses. Resolution R3-2012-0024 authorized the Bay Foundation to allocate CCAMP-GAP funds toward priority projects.
7. Since its inception, CCAMP-GAP has funded high-priority, collaborative, multi-benefit projects including:
 - Central Coast Drinking Water Well Testing Program
 - Disadvantaged Community Needs Assessment
 - Environmental Justice Capacity Building
 - Monterey-Salinas Shallow Aquifer Study Unit, 2012-13 Study
 - Groundwater Age-Dating and Nitrate Source Identification using Isotopic Analysis
8. The Central Coast Water Board's supplemental environmental project (SEP) priorities include projects that 1) address the human right to water and Central Coast Water Board Resolution R3-2017-0004, 2) address environmental justice issues, 3) provide water quality benefits to underrepresented communities¹, 4) implement climate change mitigation or climate change adaptation strategies,

¹ Underrepresented Communities include but are not limited to Disadvantaged Communities (DACs), Severely Disadvantaged Communities (SDACs), Economically Distressed Area (EDAs), Tribes, Environmentally Disadvantaged Communities (EnvDACs), and members of Fringe Communities.

5) develop or implement activities to achieve sustainable water supplies, or 6) implement water quality monitoring and assessment projects.

Pacific Gas and Electric Company Settlement Funds

9. On May 25, 2021, the San Luis Obispo County Superior Court issued a Consent Judgement, ordering Pacific Gas and Electric Company (PG&E) to pay \$5.9 million in settlement funds to the CCAMP-GAP Fund Operational Account to resolve alleged thermal (temperature) violations of the National Pollutant Discharge Elimination System (NPDES) permit issued to PG&E for discharges of once-through cooling water into the Pacific Ocean from the Diablo Canyon Nuclear Power Plant.
10. According to Section 7.5 of the Consent Judgement, “PG&E’s one-time payment of over \$5.9 million will benefit water quality and the environment on the Central Coast. The Bay Foundation will distribute funds from the one-time payment as directed by the Central Coast Water Board.” The Consent Judgement places no other constraints on the distribution of the settlement funds.
11. The PG&E settlement funds are currently held in the CCAMP-GAP Fund Operational Account, a non-investment cash account, managed by the Bay Foundation.
12. On January 31, 2022, the Central Coast Water Board notified interested persons of its proposed allocation plan for the PG&E settlement funds, providing a 30-day written public comment period for the draft staff report, Proposed Resolution, and associated grant program solicitation and selection criteria.
13. On April 21 – 22, 2022, the Central Coast Water Board held a public hearing and considered all comments pertaining to this Resolution.

THEREFORE, the Central Coast Water Board hereby resolves that:

1. The Bay Foundation shall allocate the settlement funds of approximately \$5.9 million, to high priority projects as described herein. Specifically, the Bay Foundation will distribute the funds per the following.
 - a. \$4.1 million – Build CCAMP-GAP Endowment; Sustain long-term funding and generate an annual revenue stream for CCAMP-GAP priority project development and implementation.

- b. \$600,000 – Central Coast Drinking Water Well Testing Program; Continue free drinking water well testing to domestic well users and small water systems on the central coast, giving priority to underrepresented communities.
 - c. \$1.2 million – Public Solicitation for Grant Project Proposals; Coordinate with a third-party to administer the Central Coast Community-Based Water Quality Grants Program, using a publicly solicited competitive process.
2. The settlement funds shall be distributed to priorities consistent with findings 6-8. Examples include, but are not limited to programs and projects that:
- Implement the human right to water and Central Coast Water Board Resolution No. R3-2017-0004, including drinking water well testing to ensure safe drinking water,
 - Build local environmental justice capacity and benefit underrepresented communities.
 - Support long-term, regional and/or basin-scale groundwater quality trend monitoring and assessment, including monitoring for emerging contaminants and issues of regional significance that may impact drinking water resources, especially domestic wells, and small water systems.
 - Implement groundwater monitoring in areas where impacts to drinking water occur from unidentified pollutant sources or where there is no responsible party (RP) or the RP does not have funds to conduct the monitoring,
 - Implement innovative remediation and source control projects to address pollutants impacting drinking water wells, where there is no RP, or the RP does not have funds to conduct remediation.
 - Promote groundwater data/information sharing and public availability among stakeholders using the State Water Board’s Groundwater Ambient Monitoring and Assessment Geographic Information System (GAMA GIS) or GeoTracker online databases, including water quality and well location data.
 - Resolve water quality issues that impact public health (e.g., address sources of pollution that threaten sources of drinking water),
 - Implement water quality improvement projects to address nitrate contamination or saltwater intrusion, especially projects identified in a Salt and Nutrient Management Plan,
 - Proper destruction of “abandoned” wells to avoid cross-aquifer contamination or prevent the movement of unsanitary and inferior-quality water into usable groundwater supplies,
 - Implement drinking water and wastewater infrastructure system improvements, especially projects that benefit underrepresented communities.

- Implement innovative drinking water treatment technologies, especially for domestic wells and small water systems (including wastewater permitting issues to address discharge from treatment systems),
 - Conduct groundwater monitoring for emerging contaminants not included in drinking water well testing programs.
 - Support development and implementation of water quality focused sustainability activities and related projects in regional groundwater sustainability plans (GSPs²) and Integrated Regional Water Management (IRWM) plans.
 - Address water quality impacts of climate change and drought.
 - Implement climate change and drought related water supply resiliency and augmentation projects to achieve recycled water benefits and diversify community water supplies. (e.g., recycling, consolidation, groundwater recharge, conjunctive use, etc.).
 - Implement climate adaptation planning and implementation projects for facilities to identify, assess and address climate change hazards and vulnerabilities (e.g., sea level rise, precipitation pattern changes, temperature fluctuations and extremes, increased wildfires, increased power outages, changes in flow).
 - Implement drought resiliency projects that help communities prepare for and respond to drought, including providing benefits to ecosystem health. Drought resiliency projects include activities identified in GSPs or that support long-term water resilience and ecosystem health, consistent with the Governor's Executive Order N-10-19³.
3. The publicly solicited Central Coast Community-Based Water Quality Grants Program identified in paragraph 1(c) shall align with the CCAMP-GAP and SEP project priorities set forth in findings 6-8 and as specified in paragraph 2. The project solicitation shall also prioritize projects that benefit marine habitats and surface water quality, including but not limited to implementation of:
- Projects that provide water quality benefits to marine habitats and associated beneficial uses in San Luis Obispo County.
 - Activities that will reduce pollutant loading and make measurable progress toward meeting water quality objectives established in the Central Coast Basin Plan.
 - Water quality improvement or restoration projects that preserve and restore watershed functions and support healthy ecosystems, especially 303(d)

² Department of Water Resources, Sustainable Groundwater Management Act, Groundwater Sustainability Plans, <https://water.ca.gov/Programs/Groundwater-Management/SGMA-Groundwater-Management/Groundwater-Sustainability-Plans>

³ 2020 Water Resilience Portfolio, https://waterresilience.ca.gov/wp-content/uploads/2020/07/Final_California-Water-Resilience-Portfolio-2020_ADA3_v2_ay11-opt.pdf

Listed Impaired Waterbodies and associated Total Maximum Daily Loads (TMDLs).

- On-farm Best Management Practice (BMP) implementation projects that demonstrate reductions in salt and nitrate loading, especially projects that assist limited resource farmers.
 - Projects that prevent or address Harmful Algal Blooms (HABs).
4. The Bay Foundation will continue to manage the CCAMP-GAP Fund endowment and operational accounts.
 5. The Rose Foundation or other appropriately qualified foundation will manage the Central Coast Community-Based Water Quality Grants Program.
 6. The Central Coast Water Board Executive Officer is directed to develop and execute agreements with the Bay Foundation, Rose Foundation, or other appropriately qualified foundation, to manage these funds as appropriate.
 7. The Central Coast Water Board Executive Officer is directed to provide annual updates to the Central Coast Water Board on the status of CCAMP-GAP and associated grant projects, in coordination with the managing foundations.

I, Matthew T. Keeling, Executive Officer, do hereby certify the foregoing is a full, true, and correct copy of a Resolution adopted by the California Regional Water Quality Control Board, Central Coast Region, on April 21-22, 2022.

Matthew T. Keeling, Executive Officer

Date