

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

RESOLUTION NO. 99-02

GUADALUPE OIL FIELD SETTLEMENT WATER QUALITY PROJECTS

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

1. In July 1998, Unocal and several state agencies entered into an agreement to settle the state's damage and penalty claims arising from Unocal's pollution of the Guadalupe Oil Field. Approximately \$15 million from the settlement was dedicated for water quality projects to be selected by the Regional Board. The approximately \$15 million dollars was deposited in the Guadalupe Oil Field Settlement Water Quality Project Trust with the National Fish and Wildlife Foundation acting as Trustee ("Water Quality Project Trust").
2. The settlement set aside an additional \$9 million for restoration projects to be selected by the California State Coastal Conservancy and Fish and Game's Office of Spill Prevention and Response (OSPR). The Regional Board, Coastal Conservancy, and Office of Spill Prevention and Response entered into a memorandum of understanding that defines a process for reviewing projects for funding.
3. In anticipation of the settlement, the Regional Board sent a letter on February 25, 1998, to the respective chairs of the boards of supervisors of San Luis Obispo and Santa Barbara counties inviting them to submit potential water quality projects for consideration by the Regional Board (see Attachment 1). Copies of this letter were widely distributed to other parties potentially interested in submitting proposals. The Board established a deadline of May 18, 1998, for proposal submittal. As a result of this letter, we received 95 proposals, comprising a cumulative funding request of over \$130 million.
4. Regional Board staff reviewed and ranked the proposals in accordance with the following criteria:
 - a) Geographical nexus: Staff gave higher priority to projects located within the Santa Maria River watershed or in near coastal waters.
 - b) Petroleum nexus: Proposals related to petroleum discharges or pollution were scored higher.
 - c) Beneficial use type: This criterion was not especially useful since all water quality project proposals had a relationship to one of the beneficial uses specified in the Board's letter. All water quality projects were scored equally on this criterion.
 - d) Institutional stability and capacity of the applicant to complete the project.
 - e) Level of direct water quality improvement that will result from the project.

The following two factors were then used to clarify projects' attributes vs. the criteria:

- f) Lack of other potential funding sources: Proposals with other potential funding sources (e.g., 319(h) funds) were not scored as high as projects without other potential funding.

- g) Relationship or coordination with existing watershed problems: Staff used this criterion to emphasize projects that will assist the Board with existing watershed programs and efforts.
5. Before making their final recommendation to the Board, staff consulted the California Coastal Conservancy and OSPR. They also consulted a public advisory committee (PAC), which included the City of Santa Maria, San Luis Obispo County, the City of San Luis Obispo, the Dunes Center, the Cachuma Resource Conservation District, the City of Guadalupe, Santa Barbara County, US Fish and Wildlife Service, and The Nature Conservancy. The recommendations of the Coastal Conservancy, OSPR and the PAC were incorporated into the staff's recommendation.
 6. The staff draft recommendations were sent to interested persons for comment on March 5, 1999. Staff reviewed all comments and drafted written responses to all written comments received by April 1, 1999.
 7. At a public meeting on May 20, 1999, the Board heard and considered comments and evidence presented at the meeting as well as comments and evidence in the Regional Board record pertaining to conditional selection of water quality projects for funding from the Water Quality Project Trust.

THEREFORE, the Regional Board hereby resolves:

1. Subject to the conditions specified, below, and subject to the descriptions and limitations in the staff report presented to the Board on May 20, 1999, the following projects are selected for funding from the Water Quality Project Trust:

<u>Project Title</u>	<u>Project Proponent</u>	<u>Funding</u>
Monitoring of Petroleum Hydrocarbons Using Sand Crabs	Department of Fish & Game	\$ 288,789
Santa Maria River Basin Water Quality Assessment	Komex H2O Science	\$ 610,000
Piece Together Protected Landscape	The Nature Conservancy	\$ 2,500,000
Santa Maria Estuary Plan	Coastal Conservancy	\$ 440,000
Central Coast Ambient Monitoring Program	NFWF dedicated for annual income to RWQCB	\$ 2,000,000
School Lake and Wetlands Restoration	City of Guadalupe	\$ 900,000
Ayers Property Acquisition	City of San Luis Obispo	\$ 400,000
<u>Wastewater Treatment Plant Improvements</u>	<u>City of Guadalupe</u>	<u>\$ 1,300,000</u>
<u>Aerial Photograph Archive</u>	<u>Division of Oil, Gas, and Geothermal Resources</u>	<u>\$ 21,545</u>

2. Selection of proposals for funding by the Board is tentative, subject to successful negotiation of a detailed project description, scope of work, and contract satisfactory to the proponent, the Executive Officer, and the fund trustee, National Fish and Wildlife Foundation. If the Executive Officer, at his sole discretion, determines that it is not likely an agreement will be reached, he will bring a recommendation to the Board to withdraw funding. If the Board withdraws funding, the affected funds will remain in the Water Quality Project Trust, available for other projects. Project proponents will perform the work under contract to the National Fish and Wildlife Foundation. Contracts will provide for payment based on successful completion of project milestones or deliverables. Board staff will monitor and track the projects for compliance with the contracts, and will not approve disbursement of funds until project milestones or deliverables, as specified in the contract, are met.

3. Process and timing for the next round of funding selection will be determined by this Board at a later date.

Paul Jagg

for Executive Officer

5-27-99

Date