

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

STAFF REPORT FOR REGULAR MEETING OF FEBRUARY 7-8, 2008

Prepared on January 7, 2008

ITEM NUMBER: 18

SUBJECT: Executive Officer's Report to the Board

This item presents a brief discussion of issues that may interest the Board. Upon request, staff can provide more detailed information about any particular item.

WATER QUALITY CERTIFICATIONS

[Dominic Roques 805/542-4780]

In general, staff recommends "Standard Certification" when the applicant proposes adequate mitigation. Measures included in the application must ensure that beneficial uses will be protected, and water quality standards will be met.

Conditional Certification is appropriate when a project may adversely impact surface water quality. Conditions allow the project to proceed under an Army Corps permit, while upholding water quality standards.

Staff will recommend "No Action" when no discharge or adverse impacts are expected. Generally, a project must provide beneficial use and habitat enhancement for no action to be taken by the Regional Board. A chart on the following pages lists applications received from November 1, 2007 to December 31, 2007.

WATER QUALITY CERTIFICATION APPLICATIONS RECEIVED FROM NOVEMBER 1, 2007 THROUGH DECEMBER 31, 2007

Applicant	Project	Purpose	Location	County	Receiving Water	Total Acres of Impact ¹	Mitigation ²	Certified
Erkki Ruoslahti	Ruoslahti Access Road	Project consists of re-grading and stabilizing an existing road and slope adjacent to Nojoqui Creek.	Buellton	Santa Barbara	Nojoqui Creek & Santa Ynez River	0.3	0.3	
Steve Brinkman, Gilroy Unified School District	Christopher High School	Project activities include: connecting a new 21-inch public storm drain and channel lining per SCVWD standards and erosion repair at the existing CMP outfall upstream of the box culvert at Santa Teresa Blvd.	Gilroy	Santa Clara	Lions Creek & Llagas Creek	0.08		
Caltrans	Pfeiffer Burns Left Turn Channelization	Caltrans will widen Hwy. 1 to add a left turn lane into the State Park for safety purposes. The widening will impact a wetland and nearby drainage.	Big Sur	Monterey	Unnamed Drainage System Connects to Big Sur River	0.04	0.064	12-24-07
Arman Nazemi -- County of San Benito	Lone Tree Road Bridge Replacement	Replacement of an existing obsolete single-lane bridge with a single span two-lane concrete slab bridge, the construction of two retaining walls, and the installation of 1/4-ton RSP.	Hollister	San Benito	Arroyo dos Picachos	0.2046	0.2138	1-3-07

¹ Total Acreage includes both temporary and permanent impacts to riparian, streambed, and/or wetland environments within federal jurisdiction.

² Water Board compensatory mitigation requirements are determined based on area impacted. They are generally 2:1 for streambed impacts, 1:1 for riparian impacts, and 3:1 for wetland impacts. Mitigation acreage is final upon issuance of certification and not shown unless the Water Board has issued certification.

**Item No. 18
Executive Officer's Report**

Applicant	Project	Purpose	Location	County	Receiving Water	Total Acres of Impact ¹	Mitigation ²	Certified
Karen Bewley-Caltrans	Las Cruces Bank Stabilization	Arrest bank erosion and restabilize the bank along Gaviota Creek by filling the eroded void and installing RSP. Vegetation and a scour-pool-inducing boulder complex will be added to the eroding reach.	South of Buellton	Santa Barbara	Gaviota Creek	0.13		
Cecilia Bourdreau-Caltrans	Rice Valley Bank Stabilization	Repair an eroded fill slope by installing RSP along the north-facing bank and along the toe of slope. A 3-meter section of culvert pipe will be removed to match grade with the RSP apron.	SR 166	Santa Barbara	Unnamed drainage to the Cuyama River	0.33		
Steve Palmisano--Public Works	Corralitos Creek Fisheries Enhancement Project	Improve steelhead passage by removing the failing weir structure and replacing it with a new fish passage structure.	Corralitos	Santa Cruz	Corralitos Creek	0.26		
Mark Hutchinson - SLO County	River Grove Drive Bank Stabilization Project	Repair a section of damaged road and eroding streambank along Pine Creek. Install 300 cubic yards of RSP along 75-feet of streambank, and extending an existing culvert to direct drainage away from the streambank.	East of Paso Robles	San Luis Obispo	Pine Creek and Estrella River	0.03		
City of Santa Barbara - Waterfront Dept.	Marina 1 Replacement Project	Demolition and removal of existing docking system, gangway, and utility conduits, and replacement of all these facilities with new infrastructure.	Santa Barbara	Santa Barbara	Pacific Ocean			

Applicant	Project	Purpose	Location	County	Receiving Water	Total Acres of Impact ¹	Mitigation ²	Certified
Steve Olson/Michael Pugh	Briarwood Vineyards Drainage Improvement Project	Drainage improvement and stabilization project along an ephemeral channel, that includes the installation of a bridge and a energy dissipation structure where it meets Paso Robles Creek	Templeton	San Luis Obispo	Paso Robles Creek, Salinas River			
Mark Dettle, City of Santa Cruz Public Works Department	Santa Cruz Resource Recovery Facility, Pond Vegetation & Sediment Removal	Remove 500 cubic yards of sediment from two small man-made ponds	West of Santa Cruz	Santa Cruz	Lombardi Creek	0.0482		
Mark Hutchinson - SLO County	Moonstone Beach Drive Bridge Replacement	Replace existing bridge with cast-in-place concrete box-girder structure; the alignment will be the same as the existing structure.	Cambria	San Luis Obispo	Leffingwell Creek & Pacific Ocean	0.385		

WATERSHED REPORTS

Pismo-Oceano Vegetable Exchange, San Luis Obispo County [Sorrel Marks 805/549-3695]

At the December 7, 2007 Water Board meeting, Mr. Bill Bookout summarized his concerns regarding drainage and flooding issues in Oceano. Mr. Bookout reviewed his December 6, 2007 letter and requested that the Water Board consider issues summarized therein at its next meeting. Mr. Bookout's December 6, 2007, letter is included as **Attachment 1**.

As background, in 1986 this Water Board adopted waste discharge requirements authorizing discharge of cooling and condensate waters from Pismo-Oceano Vegetable Exchange. The Water Board pursued regulation of the discharge partly in response to concerns expressed in the 1985 letters included as attachments to Mr. Bookout's submittals. After ten years of regulation, compliance inspections and monitoring, the Water Board concluded that discharge from Pismo-Oceano Vegetable Exchange did not threaten water quality and rescinded the waste discharge requirements in 1997. Summary of this history is provided in the Staff Report for Regular Meeting of July 11, 1997, included as attachment to our December 17, 2007, response letter to Mr. Bookout (included as **Attachment 2**).

Mr. Bookout originally contacted staff in August 2007, seeking to review files on Pismo-Oceano Vegetable Exchange. To date, information relating to Pismo-Oceano Vegetable Exchange provided to Mr. Bookout includes records from Water Board files, archived storage in Sacramento and Water Board staff (Sorrel Marks) memory, and constitutes all information available on this facility.

On December 21, 2007, Mr. Bookout submitted an additional letter and a video of the vicinity during recent storms (included as **Attachment 3**). Note that only the December 21, 2007 letter is attached, as the additional 35 pages duplicate documents included above. The letter reiterated most of Mr. Bookout's earlier comments and included some additional questions (addressed in a January 15, 2008, response letter included as **Attachment 4**). Water Board staff viewed the 39 minute video (primarily street flooding) and did not find evidence of illegal discharges of waste from Pismo-Oceano Vegetable Exchange. On January 10, 2008, Water Board staff visited the facility to verify that the operation remains unchanged from that described above and in the 1997 staff report.

In conclusion, staff has not identified a potential threat to water quality posed by Pismo-Oceano Vegetable Exchange, and has provided all available records on the facility to Mr. Bookout.

CLEANUP REPORTS

Spills from Greka Oil and Gas, Inc. Facilities, Santa Barbara County [Rich Chandler 805/542-4627 and John Robertson 805/542-4630]

On December 7, 2007, Greka Oil and Gas, Inc. (Greka) reported a spill of approximately 74,000 gallons of crude oil and produced water from the Bell Oil Lease to an unnamed creek on Palmer Road in Santa Barbara County. Greka attributes the spill to operator error. At the Bell Oil Lease, Greka separates crude oil from produced water at the Bell Ponds before the produced water is re-injected into the oil formation. Greka sends the recovered crude oil to its Asphalt Refinery in Santa Maria for processing.

On December 7, 2007, a citizen called the Santa Barbara County Fire Department (County Fire) reporting a spill of mixed oil and produced water overflowing from the ponds into the unnamed creek, a tributary of Cat Canyon Creek, which flows into the Sisquoc River, and subsequently into the Santa Maria River. The impacted creek was dry at the time of the spill. However the oil/water mix flowed down the creek bed for approximately 0.5 mile.

County Fire and the Department of Fish and Game Office of Spill Prevention and Response (OSPR) emergency operations responded to the oil spill. As incident commander, OSPR directed Greka staff to remove oil/produced water from the creek using hand-held pressure washers and vacuum trucks. Residual oil was also excavated from the creek bed using a backhoe or hand shovel where necessary. OSPR reported Greka's emergency cleanup operations were complete by January 3, 2007. Other agencies tracking cleanup operations included the County Fire Protection Division, County Petroleum Office, Division of Oil and Gas and Geothermal Resources (DOGGR), and the Water Board.

According to Office of Emergency Services records, from July 2, 1999 to December 7, 2007, Greka had 203 unauthorized releases of petroleum products from its' crude oil production facilities, of which approximately 20 contacted surface water bodies. On December 18, 2007, Assembly member Pedro Nava (35th District) sent letters to various agencies requesting attendance at a public meeting in Santa Barbara on January 4, 2008, to discuss what practices led to Greka's December 7, 2007 spill, and learn how similar accidents can be avoided in the future. Representatives from the USEPA, the Water Board, OSPR, County Air Pollution Control District, County Fire Department, and County Building and Safety, briefed Assemblyman Nava on the scope of their regulatory authority, and their experiences with regulation of Greka facilities. Rich Chandler and John Robertson addressed Assemblyman Nava and covered both our regulatory history with Greka and our authority to assess liabilities under the Water Code.

Following the agency briefing and public comments, Assemblyman Nava indicated that in his opinion the number of Greka spills and violations greatly exceeded those of other petroleum operators. He expressed the opinion that Greka's poor maintenance practices gave them an unfair business advantage, and proposed to draft new

regulations that could force Greka to reduce the number of spills and violations, or potentially be shut down permanently.

On January 5, 2008, Greka had another significant release of crude oil and produced water occurred at one of its facilities in Santa Barbara County, at the Davis Tank Battery on the Zaca Lease. A high-level tank alarm went off at the facility. Greka asserts, however, that the contracted alarm company failed to notify Greka. The tank overfilled and oil/produced water escaped through an open conduit installed beneath the secondary containment berm. The oil and produced water flowed approximately 1.25 miles down an unnamed creek. Preliminary estimates of the release volume are as high as approximately **84,000 gallons**. OSPR responded to the spill and is directing the emergency cleanup efforts.

In response to those two spills, Greka Energy has hired a private investigator to evaluate if the spills were acts of sabotage because Greka reported that brand new equipment at both leases failed.

In response to Greka's history of spills and these recent events, Water Board staff is working to develop a strategy to shift from a reactive to a preventative mode. Enforcement staff is evaluating the Water Board's ability to proactively require Greka to conduct appropriate preventative maintenance to minimize the risk of future spills from its facilities. In response to historic spills, enforcement staff is investigating the extent of Greka's past violations and exploring the possibility of recommending that the Water Board issue an administrative civil liability complaint against Greka for its past violations.

Additionally, we will require industrial storm water permit coverage, either through the existing general permit or an individual permit for Greka sites that have discharged or pose a threat to water quality. As part of this coverage, we plan to require a Storm Water Pollution Prevention Plan that will contain prevention, maintenance, and contingency elements.

Staff is also scheduling an initial meeting with the various other State and County agencies (those identified above) tasked with permitting or oversight of Greka activities. Staff intends this task force to regularly share information on Greka's compliance and enforcement proceedings, and search for areas where combined or shared-agency jurisdictional authority may leverage a positive change in Greka's environmental and worker safety record.

Water Board staff will report back on Greka, and progress with the strategies outlined above, at future Board meetings.

Underground Tanks Summary Report dated January 16, 2008 [Chris Adair 805/549-3761] [See Attachment No. 5]

REGIONAL REPORTS

Total Maximum Daily Load Program [Chris Rose 805/542-4770]

Staff is working on the following TMDL tasks or reports:

- The following projects have Draft Reports and associated attachments completed and are currently web-posted and available for public review and comment:
 - Aptos and Valencia Creeks Pathogen TMDLs
 - Soquel Lagoon Pathogen TMDL
 - San Lorenzo River and Estuary TMDLs (including Carbonera Creek) Pathogen TMDL
- The following projects are being readied for external scientific peer review. Staff intends to have these projects ready for scientific peer review by mid-February:
 - Pajaro River and Tributaries Fecal Coliform TMDL
 - Lower Salinas River Watershed Fecal Coliform TMDL
 - Santa Maria River and Oso Flaco Creek Fecal Coliform TMDLs
 - Corralitos Creek Pathogen TMDL
- Santa Barbara Beaches Bacteria TMDLs- Preliminary Project Report (to be prepared by USEPA contractor, Tetra-Tech)
- Salinas River Pesticides TMDL-Draft Report (to be prepared by USEPA contractor, Tetra-Tech)
- Santa Maria River and Oso Flaco Creek Nitrate TMDLs- Final Project Report
- Santa Maria River Estuary Pesticides TMDL- Project Plan

Staff continues to analyze data and assess conditions of waterbodies to update the 2008 Integrated Report - List of Impaired Waters (pursuant to 303(d) of the Clean Water Act) and Surface Water Quality Assessment (pursuant to 305(b) of the Clean Water Act).

Staff is recruiting to backfill the staff-level environmental scientist position created from Chris Rose's promotion to supervisor of the Watershed Assessment Unit. We have received applications from qualified individuals.

ADMINISTRATIVE REPORTS

Presentations and Training [Roger Briggs 805/549-3140]

Staff Engineer John Goni, the Monterey County Water Resources Agency (Agency), Monterey County Health Department, and the California Water Service Company made presentations to prospective investigators on December 13, 2007, as part of a pre bid proposal meeting hosted by the Agency. Bid proposals are being solicited for the Cleanup and Abatement Account funded investigation to find the source of MTBE affecting water supply wells serving the City of Salinas. Background information on this investigation is described in Agenda Item No. 13, Cleanup Cases, California Water Service Company Supply Wells.

John Goni met with the Monterey County Water Resources Agency (Agency), Monterey County Environmental Health Department, Monterey County Counsel, and designated consultants on December 4 and December 19, 2007 to discuss leaking underground tank cases at Lake San Antonio and Lake Nacimiento. The responsibility for investigation and cleanup of these two cases, one at each lake, was assumed by the Agency as the result of a settlement from litigation between the concessionaire and Monterey County.

John Goni, Matt Thompson, Kim Sanders and Larry Harlan attended the UC Davis Extension class "Leading Change", on November 8, 2007 in Sacramento, taught by Gene Crumley. This was a follow-up class to the UC Davis Extension class "The Work of Leadership", attended by John Goni and Matt Thompson on September 26, 2007.

Several Regional Board staff (John Goni, David Schwartzbart, Peter Von Langen, and others) attended the class "Acid Generation Predictive Tests" given at the Central Coast Water Board office on December 5, 2007. The class was given by Rick Humphreys of the State Water Resources Control Board and discussed the causes of and chemistry acid drainage from mines.

All three of our Section Managers, Lisa McCann, Harvey Packard, and John Robertson attended a conference entitled "Performance Measurement Summit by the Advanced Learning Institute" in Las Vegas on December 10-12, 2007. They participated in a workshop focusing on how government agencies can implement performance measurement systems and heard techniques and case studies about linking measures, strategic plans, and budgets into an integrated management system for government agencies.

Presentations and Outreach

Ag program staff presented an overview of the program at the Agriculture and the Environment Conference hosted by the Agricultural Water Quality Alliance at Asilomar in November. In mid-November, staff participated as a member of the Food Safety and the Environment panel discussion at the California Water Policy Convention held in Los Angeles and hosted by Public Officials for Water and Environmental Reform. In January, staff spoke at both a pre-conference training and conference break-out session on Food Safety and Water Quality as part of the Ecological Farming conference at Asilomar.

Food Safety

Federal Marketing Agreement

Ag program staff has continued our involvement in food safety issues that have the potential to affect water quality. Recently, staff responded to a call for comments on a federally proposed rulemaking that would establish a federal marketing program with food safety standards set for leafy greens on a national level (**see Attachment 6**). In our letter to the USDA, staff requested that public NEPA review, an administrative committee inclusive of wildlife and water quality representation, cross-disciplinary peer review and a ceiling on management practice requirements be included in any federal

marketing program to help avoid conflicts, like we are seeing in California, with existing water quality and wildlife regulations.

Buyer's Meeting

On another food safety front, staff attended a much anticipated buyers' meeting held in Salinas on December 10, 2007. This meeting was organized by the California Roundtable for Agriculture and the Environment (CRAE) and included buyers, growers and shippers of lettuce and leafy greens in the Salinas Valley and members of the environmental and regulatory communities. This meeting was an important first step in creating dialogue between the handlers and other parties involved in the food safety issues in our region. What was most apparent from this meeting is that all parties are frustrated with food safety metrics that go above and beyond the California Leafy Greens Marketing Agreement and associated Good Agricultural Practices. Most parties want to see a standardized set of requirements that put an end to the market driven "one-upmanship" between competing handlers of leafy greens. It remains to be seen if a federal marketing agreement would do this. It was also apparent from this meeting that we need better communication with the large retail buyers.

Cooperative Monitoring Program

Central Coast Water Quality Preservation, Inc. submitted a proposal for 2008 follow-up monitoring, to do upstream monitoring in several watersheds beginning in January. They will also submit a proposal for education and outreach and summer flow monitoring in several watersheds to focus on tailwater reduction. Follow-up projects are funded by regular program fees and by a Proposition 40 grant and are a mandatory component of the Cooperative Monitoring Program established by the Conditional Waiver.

Inspections

The ag regulatory program is relatively new at the Water Board. Previously, irrigated farming operations were not regularly inspected by Water Board staff. In developing a comprehensive agricultural inspection program, staff met with several growers, as well as representatives of National Resource Conservation Service, UC Cooperative Extension, water agencies, resource conservation districts, agricultural consultants, county agricultural commissioners, and county farm bureaus, to become familiar with cropping systems and agricultural management measures that can be implemented to protect water quality in the Central Coast.

Staff began conducting inspections in September 2007. We established a goal of completing a minimum of 120 inspections by January 2009; a combination of random inspections and ones in response to complaints and water quality concerns. The random inspections are intended to give staff an overall picture of the level and effectiveness of the ag program. Staff is conducting random inspections throughout the region. However, to date most inspections have been in response to complaints or identified problems. Staff has completed approximately 25 inspections as of mid-January 2008.

Solving Water Quality Problems on a Watershed Scale

Many of our watersheds have multiple water quality problems, and our data also suggest that there are often multiple contributors to the problems. Staff is exploring the effectiveness of using inspections as part of a watershed-scale, problem-solving approach, beginning with a watershed in Monterey County where the land use is predominantly irrigated agriculture. We selected this watershed based on complaints as well as known toxicity and nitrate exceedences. Concentrations of the pesticides diazinon and chlorpyrifos have been detected in the water column above the limits for fresh water aquatic life protection. Analysis of pesticide use records in the watershed indicated that chlorpyrifos was primarily being applied to broccoli. Sprinkler irrigation of broccoli contributes to tailwater discharges from irrigated fields into the drainages of the creek. Growers are reluctant to produce summer broccoli crops on drip because of economic and other production concerns. Staff conducted inspections at all farming operations in the watershed; in addition, staff attended meetings with the local farm bureau, County Public Works, the Cooperative Monitoring Program, and growers in the watershed. As a result, one grower in the watershed has initiated a trial drip irrigated broccoli crop for the 2008 season and the County and growers have agreed to work toward coordinated maintenance of the ditch and adjacent lands to address sediment and erosion issues.

We will continue to track progress and if this approach proves effective in solving problems, we will expand it to other watersheds in the near future. At the same time, where an individual is identified as causing problems without adequate attempts to address them, we will pursue individual enforcement actions as warranted.

Enforcement Actions

We are continuing enforcement actions against farming operations that have not enrolled in the Conditional Waiver for Irrigated Lands. The Assistant Executive Officer issued five administrative civil liability complaints in December. Additional complaints will be issued in January in an effort to ensure that all commercial irrigated farming operations are enrolling. We will also issue complaints to Cooperative Monitoring Program participants that do not pay their fees for cooperative monitoring.

Administrative Civil Liability Enforcement Cases [Roger Briggs 805/549-3140]

The Board has delegated responsibility to the Executive Officer to settle cases for liability amounts less than \$100,000. When the Board raised that delegation limit to \$100,000, the Board indicated it would reconsider that limit based on additional enforcement case experience. We can streamline our enforcement process to some degree by increasing that limit to \$300,000, and I will discuss this proposal at the Board meeting.

Budget Information [Roger Briggs 805/549-3140]

In response to California's growing deficit in funding for state government and services, the Governor's 2008-09 budget proposal makes across-the-board reductions in order to protect any one agency or service from severe cuts. The proposal includes 10 percent reductions to nearly all General Fund departments and programs, boards, commissions and elected offices, except in cases where such a reduction is unconstitutional (examples include Proposition 42 and contributions to public retirement systems) or impractical (examples include cutting debt service payments or departments that generate significant revenue). Regional Water Boards are funded through a fairly diverse portfolio of sources. The General Fund is only one of many fund sources in our budget, although the GF does provide 20% of our budget (**see Attachment 7, "Expenditure Organization Summary"**). We are evaluating our programs (e.g., such as our Spill Cleanup Program, which is funded by both cost recovery and General Fund), to determine the most effective manner of reducing the General Fund portion of our budget by 10% for Fiscal Year 2008-2009. Other programs that rely on General Funds include Timber, TMDL, Underground Tanks, Water Quality Control Planning. Only the Timber and Planning programs are solely funded by the GF. Spill Cleanup, Tanks, and TMDLs have allocations from other fund sources in addition to some General Funding. Also attached is our Line Item summary spreadsheet showing allocations for personnel and operating expenses and equipment. I will keep the Board informed of budget developments.

ATTACHMENTS

1. Letter dated 12/6/07 from Bill Bookout to Regional Board
2. Regional Board Response Letter dated 12/17/07 to Bill Bookout
3. Letter dated 12/21/07 from Bill Bookout to Regional Board and Video of 12/18/07
4. Regional Board Response Letter dated 1/15/08 to Bill Bookout
5. Underground Tanks Summary Report dated January 16, 2008.
6. Regional Board Letter dated 12/3/07 to USDA
7. Expenditure Organization Summary