

**PROPOSAL FOR FUND USE OF BIO-T-14 of Commission's Amended Order No. 05-0622-01 -
Authorizing Demolition of The Morro Bay Tank Farm**

Dynegy Morro Bay LLC, more commonly known as the Morro Bay Power Plant (MBPP), has been in the permitting process to demolish the no longer used on-site oil tank farm. The permitting agency for this work is the California Energy Commission (CEC). One of the permitting conditions requires that Dynegy provide the Morro Bay National Estuary Program \$91,500 as mitigation for 3.0 acres of Morro Shoulderband Snail (MSS) iceplant habitat at the existing tank farm, which will be impacted by this work (Reference Condition BIO-T-14 in Commission's Amended Order No. 05-0622-01 - Authorizing Demolition Of The Morro Bay Tank Farm, posted: June 23, 2005). At the request of Mary Dyas and Joy Nishida of the CEC the following projects are being preliminarily proposed by the MBNEP as an appropriate use of these funds pending approval by CEC.

Project 1: Land Acquisition – Santa Lucia Bay Front Lot (APN 038-682-001)

The MBNEP has been presented with the opportunity to bid on the purchase of a 0.28 acre lot in the community of Los Osos/Baywood. This parcel is bay front property which contains both dune and wetland habitat. The Fish and Wildlife Service has commented informally that this property would be dune snail habitat.

This project is in line with goals of the MBNEP's federally recognized Comprehensive Conservation and Management Plan to preserve, enhance and protect the health of the Morro Bay Estuary and its surrounding watershed. It is adjacent to an approximately 0.2 acre property owned and managed by the Morro Coast Audubon Society. The site is also connected coastally to the larger Elfin Forest Preserve, an open space area containing critical habitat for the Morro Shoulderband Snail.

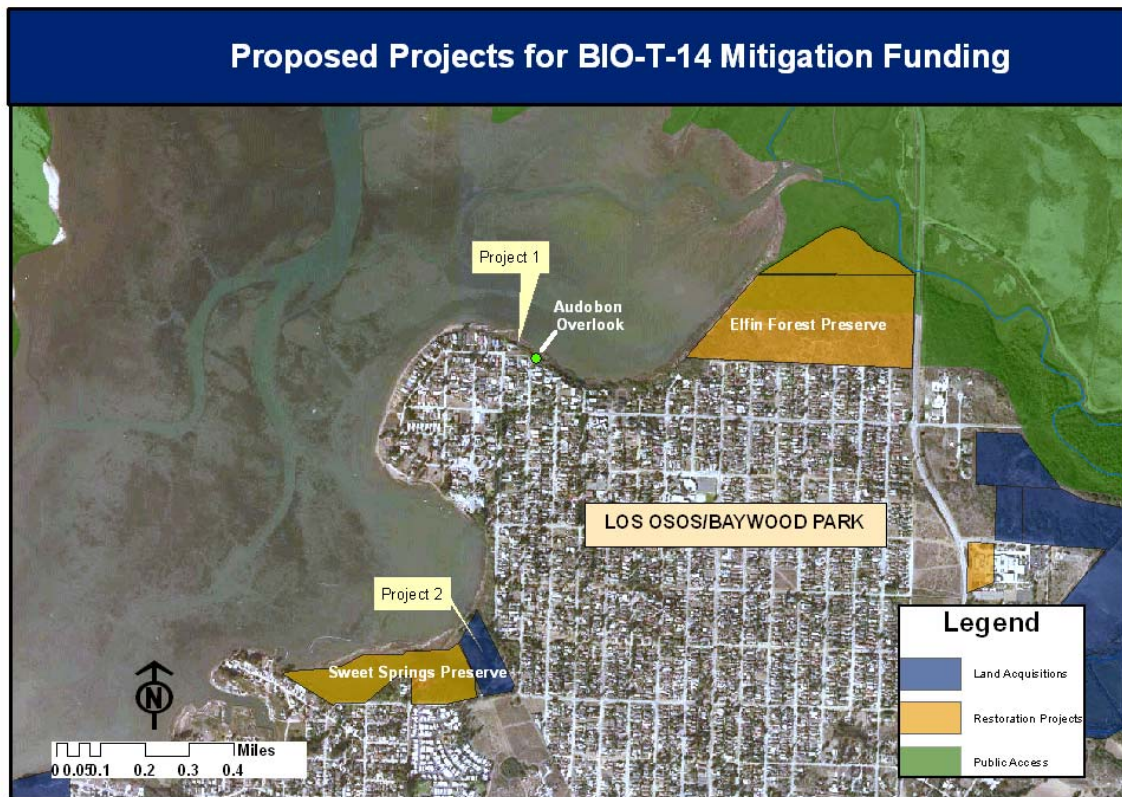
The property has been foreclosed upon and is to be auctioned May 19, 2011. There is limited development potential, probably allowing a maximum of 1100 sf. The minimum bid would be \$49,000 and the Program would be willing to bid up to a maximum of \$80,000. The contribution of the BIO-T-14 mitigation money would constitute no more than 62.5% of any bid made; community contributions will make up the additional 37.5%. This means that the minimum amount of BIO-T-14 funds used would be \$30,625.00 with a maximum of \$50,000.00. This property would be set aside as natural, undeveloped habitat with the possibility of future restoration assistance.

Project 2: Eastern Sweet Springs Preserve Habitat Restoration Project

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RECD. <u>May 19 2011</u>

In 2008 The Morro Coast Audubon Society (MCAS) acquired for permanent protection 8.3 acres adjacent to its existing Sweet Springs Nature Preserve in Los Osos, San Luis Obispo County. The deal to acquire the shorefront property was made possible with the help of the Trust for Public Land, which executed an option to purchase the land, then worked with MCAS to raise funds for the acquisition. The East Sweet Springs property contains five acres of wetlands associated with Morro Bay National Estuary, and three acres of associated upland dune habitat with remnant patches of coastal scrub and dune habitats.

The MCAS is in the permitting process for the creation of walking trails and restoration activities on this East Sweet Springs Parcel. The three acres of upland habitat is degraded by heavy infestations of the highly invasive Perennial Veldt Grass (*Ehrharta calycina*). Restoration will include removal of this invasive grass and intensive planting to restore the native habitat. The MBNEP proposes the remaining funds after the acquisition proposed for Project 1 be used to restore habitat at this East Sweet Springs location specifically geared towards Morro Shoulderband Snail. Assuming a 17% administrative overhead fee, funds for Project 2 would range between \$25,945 to \$45,320 depending on funds expended for Project 1.



Proposed Projects for BIO-T-14 Mitigation Funding

