

# Los Osos Wastewater Project

San Luis Obispo County  
Department of Public Works

March 15, 2011

# Project Update

- Status Report
- State Water Board Financing Approval
- Due Diligence Resolution to Proceed with the Project

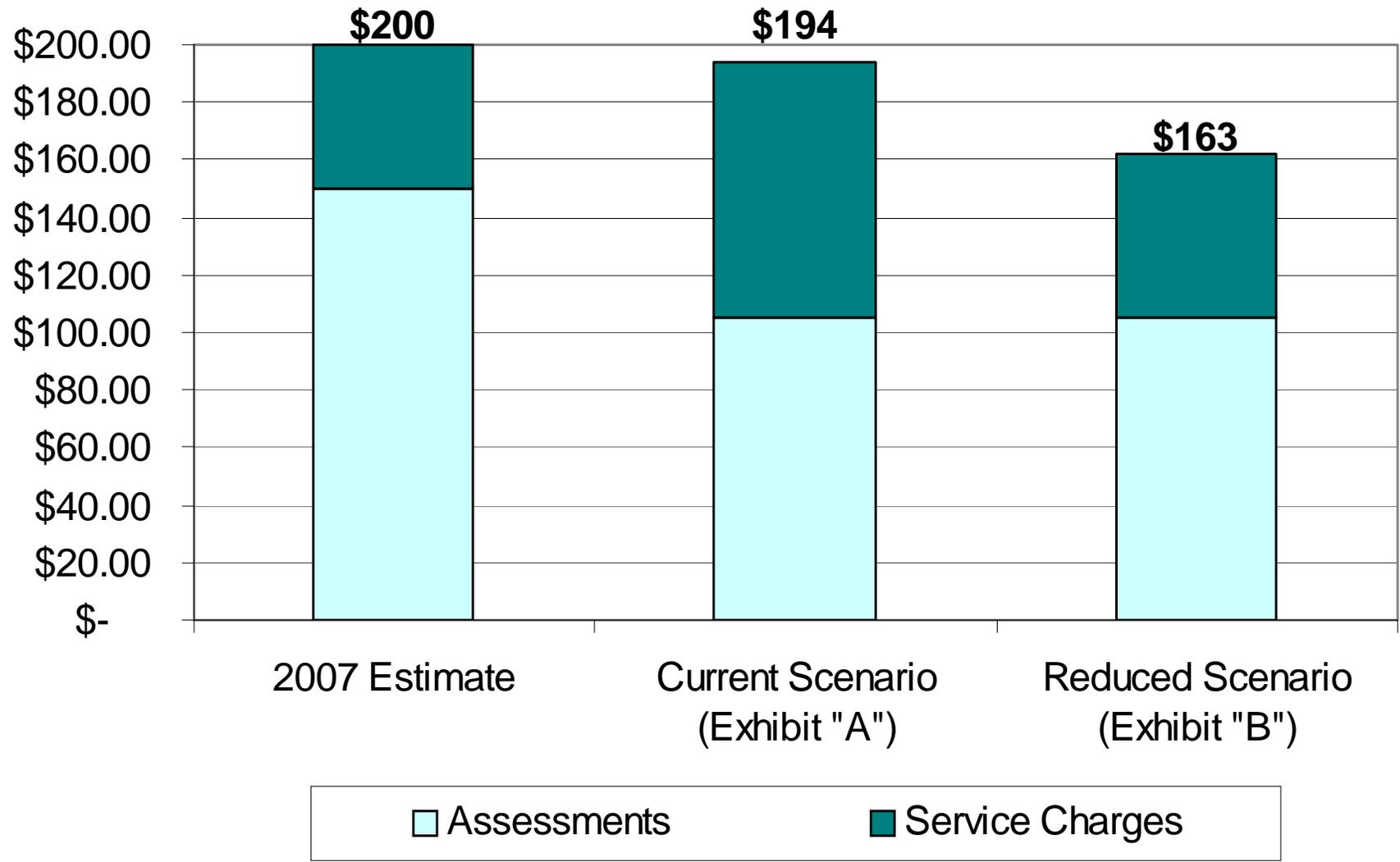
# Project Status Report

- Working status report document to be included in quarterly updates
- Discussion of multiple project issues, beyond today's recommendations

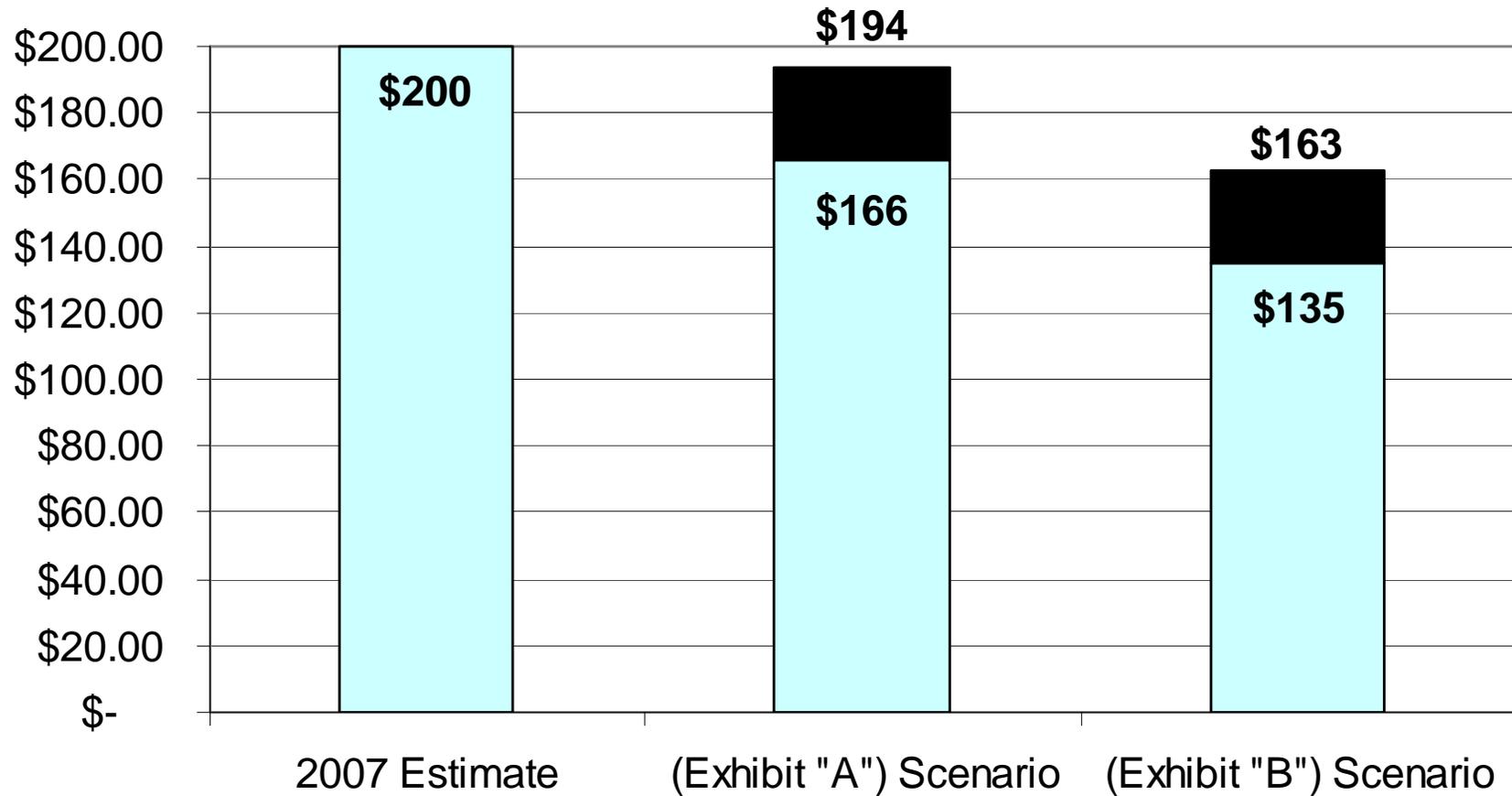
# Sewer Service Charges

- Service Charge Ordinance adopted in December 2010
- Key milestone for Project due diligence
- Recent SWB financing approval reduces monthly cost by \$28

## Los Osos Wastewater Project Average Monthly Cost Estimates for Single Family Residence



## Los Osos Wastewater Project Typical Monthly Cost Estimates for Single Family Residence



# Waste Discharge Requirements

- Draft WDR released by Regional Water Board
- Consistent with expectations and CDP
  - Total Nitrogen limit
  - Title 22 Recycled Water limits
- Regional Board hearing May 5
- Comments submitted regarding Onsite Wastewater Management Plan

# Collection System Design

- RFP process for design services, based on October 5, 2010 Board direction
- Received one proposal – from CDM
- Currently negotiating final scope of work and agreement for Board consideration

# Construction Contracting

- Considerations for structuring construction contracts
  - Number of contracts
  - Timing of bids
  - Distribution of work between contracts

# Pre-Construction Conditions

- Multiple pre-construction conditions by regulatory and funding agencies
  - Coastal Commission
  - USDA
  - State Water Board
  - US Bank
  - US Fish and Wildlife
- Preparing staffing requests and consulting agreements for Board consideration after Project adoption and funding

# On-Lot Connections

- Consider waiving individual permit fees
- Environmental monitoring needs provided by Project
- Mini-loan program
- Grant and loan application assistance

# Project Budget

- Current Budget Status
- Interim Financing
- Total Project Cost

# Current Budget Status

- \$8 million of approved \$8.2 million budget spent to date
- \$300K in pre-payments received
- Next steps
  - 30 day assessment pre payment period
  - Budget adjustment for total project cost
  - Interim Financing

# Interim Financing

- Repays County for upfront costs
  
- Funds Pre-Construction Costs
  - Design phase
  - Right of way and land acquisition
  - Mid-town restoration
  
- Next Steps
  - Finalize amount (estimated \$20 million)
  - BOS approval in May 2011

# Total Project Cost

## Uses

Project Costs	\$166.0 million
On-lot Costs	\$15.6 million
Financing Costs	<u>\$7.4 million</u>
Total	\$189.0 million

## Sources

USDA	\$87.2 million
SWB	\$86.2 million
Property Owners	<u>\$15.6 million</u>
Total	\$189.0 million

# Project Staffing

- Project Management and Engineering
- Accounting and Administration
- Road Crew

# State Water Board Financing Resolution

- \$86.2 M total funding
  - \$7.5 M principal forgiveness
  - \$78.7 M loan at 2.6% interest for 30 year term
  
- Cost reduction opportunities
  - Interest rate reduction
  - Reserve requirement
  - Debt coverage ratio

# Recommendation to Adopt Due Diligence Resolution

- Prop. 218 funding approvals
- Project financing from USDA and SWB
- CDP and other key regulatory permits
- Evaluation of pending and potential litigation
- Draft WDR issued

# Due Diligence Resolution

- June 2006: Board's legislative platform
- January 2007: AB 2701 effective
- December 2007: 80% approval of Prop. 218 assessments for total of \$127 M
- September 2009: EIR certified by Board

# Due Diligence Resolution

- August 2010: \$87.2 M USDA financing
- December 2010: Service Charge Ordinance Adopted
- February 2011: Draft WDR released
- March 2011: \$86.2 M SWB financing

# Summary of Next Steps

- Secure interim financing
- Retain engineering design consultant for Collection System
- Obtain WDR from Regional Board
- Comply with pre-construction conditions