Engineer's Report

For the

San Luis Obispo County
Wastewater Assessment District No. 1

County of San Luis Obispo
State of California

August 28, 2007

Prepared by:

Wallace Group
a California Corporation
612 Clarion Court
San Luis Obispo, California

WALLACE GROUP

TABLE OF CONTENTS

Chairperson, Board of Supervisors, and Staff Members ..... -ii-

Certificates ..... -iii-

Assessment 1

Part I Proposed Assessment and Assessment Roll 3

A. Proposed Assessment 3
B. Assessment Roll 7

Part II Preliminary Plans and Specifications 8

Part III Project Description 9

Part IV Estimate of Costs 10

Part V Assessment Diagram 12

Part VI Method of Assessment Apportionment 13

Appendix A: "San Luis Obispo County Wastewater Assessment District No. 1, Determination of Special Benefits and Project Cost" memo dated August 16, 2007 by Dean Benedix, P.E., Assessment Engineer of Work

Appendix B: Consideration of Policy Direction on Proposition 118 Property Owner Votes for the Los Osos Wastewater Project, County of San Luis Obispo Board of Supervisors, July 17, 2007

Appendix C: Resolution No. 83-13, Los Osos Baywood Park Individual and Community Sewage Disposal System Prohibition Area, California Regional Water Quality Control Board, September 16, 1983

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Paavo Ogren
Deputy Director of Public Works

Dean Benedix, P.E.
Utilities Manager, Co-Assessment Engineer of Work

ASSESSMENT ENGINEER

Craig A. Campbell, P.E.
Wallace Group
a California Corporation

CERTIFICATES

1. I, the Clerk of the Board of Supervisors of the County of San Luis Obispo, hereby certify that the Assessment and Assessment Roll in this Engineer's Report, in the amounts set forth in each, with the Assessment Diagram attached, was filed with me on _____, _____, 20_____.

Julie L. Rodewald, Clerk of the Board of Supervisors

By: _____

2. I have prepared this Engineer's Report and do hereby certify that the amounts set forth in Column (2) under Summary Cost Estimate on Page 4 hereof entitled "Assessment," and the individual amounts in the Assessment Roll herein, have been computed by me in accordance with the Resolution of Intention adopted by the Board of Supervisors of the County of San Luis Obispo, on August 21, 2007.

REGISTERED PROFESSIONAL ENGINEER
CRAIG CAMPBELL
No. 34405
Expires _____
CIVIL
STATE OF CALIFORNIA

By: 8-16-07
Craig A. Campbell, P.E.
RCE No. 34405, Expires 09-30-07

REGISTERED PROFESSIONAL ENGINEER
DEAN R. BENEDIX
No. 37892
CIVIL
STATE OF CALIFORNIA

By: 8.16.07
Dean Benedix, P.E.
RCE No. 37892, Expires 03-31-09

3. I, the Clerk of the Board of Supervisors of the County of San Luis Obispo, hereby certify that the Assessment in this Engineer's Report, in the amounts set forth in Column (2) was approved and confirmed by the Board of Supervisors on _____, _____, 20_____, by Resolution No. _____.

Julie L. Rodewald, Clerk of the Board of Supervisors

By: _____

4. A Notice of Assessment was recorded and the Assessment Diagram was filed in the office of the County Recorder of the County of San Luis Obispo, California, on _____, _____, 20_____.

Julie L. Rodewald, Clerk of the Board of Supervisors

By: _____

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

ENGINEER'S REPORT

PURSUANT TO THE PROVISIONS OF DIVISION 12
OF THE STREETS AND HIGHWAYS CODE FOR THE
SAN LUIS OBISPO COUNTY
WASTEWATER ASSESSMENT DISTRICT NO. 1
IN THE COMMUNITY OF LOS OSOS

Pursuant to the provisions of the Municipal Improvement Act of 1913, being Division 12 of the Streets and Highways Code of the State of California, Article XIIID of the California Constitution, and the Proposition 218 Omnibus Implementation Act, and in accordance with the Resolution of Intention passed and adopted on August 21, 2007 by the Board of Supervisors of the County San Luis Obispo, Craig A. Campbell, P.E. duly-authorized representative of Wallace Group, a California Corporation, and Dean Benedix, P.E., Utilities Manager, San Luis Obispo County Public Works Department, submit herewith the report for the San Luis Obispo County Wastewater Assessment District No. 1, consisting of six parts as follows:

PART I

The **proposed assessment** of a portion of the costs and expenses of the proposed project in proportion to the estimated special benefits to be received by properties within the assessment district, respectively, from said improvements, is set forth upon the assessment roll filed herewith and made a part hereof.

The **assessment roll** also includes the "Assessor APN" for each parcel which is the Assessor's Parcel Number corresponding to each property within the Assessment District as recorded in the San Luis Obispo County Assessor's Office.

PART II

Preliminary plans of the proposed improvements consisting of wastewater project components and relevant wastewater technologies for collection, treatment, and disposal have been documented in the report entitled, "Viable Project Alternatives Fine Screening Analysis" dated August, 2007 (Fine Screening Report). The Fine Screening Report provides a substantial body of evidence that confirms the viability of the proposed project and the cost upon which an assessment can be based, and is therefore made a part hereof. The Fine Screening Report is on file in the Office of the County Engineer in the Department of Public Works.

PART III

A **general description** of the proposed project is attached hereto and made a part hereof.

PART IV

An **estimate of the cost** of the project, proposed improvements and of the cost of land, rights-or-way, and incidental project expenses is attached hereto and is made a part hereof.

PART V

The **assessment diagram** showing the exterior boundaries of the Assessment District, and each parcel of land within the Assessment District is attached hereto and is made a part hereof. The location of the properties corresponding to the Assessment Numbers shown on the attached assessment roll can also be found on the Assessment Diagram.

PART VI

A **description of the method of assessing costs** to the parcels in the Assessment District along with a list of parcels in the Assessment District and the assessments apportioned to those parcels (see Part I) is attached hereto and made a part hereof.

Dated this _____ day of _____, 20_____.

8-16-07

Craig A. Campbell, P.E.
RCE No. 34405, Expires 09-30-07
Wallace Group, a California Corporation

8.16.07

Dean Benedix, P.E.
RCE No. 37892, Expires 03-31-09
San Luis Obispo County Public Works Department

PART I

PROPOSED ASSESSMENT AND ASSESSMENT ROLL

A. PROPOSED ASSESSMENT

WHEREAS, on August 21, 2007, the Board of Supervisors of the County of San Luis Obispo, California, pursuant to the provisions of the Municipal Improvement Act of 1913, adopted its Resolution of Intention for the construction of the public improvements more particularly therein described;

WHEREAS, said Resolution directed the undersigned to make and file a report presenting a general description of any works and appliances already installed and any other property necessary or convenient for the operation of the improvements, preliminary plans for the proposed construction, preliminary estimate of costs, maps and general descriptions of lands to be acquired, and diagram and assessment of and upon the subdivisions of land within the assessment district, to which Resolution and the description of said proposed improvements therein contained reference is hereby made for further particulars;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the Board of Supervisors of said County, hereby make the following assessment to cover the portion of the estimated costs of said acquisitions, work and improvements and the costs and expenses incidental thereto to be paid by the assessment district.

The amount to be paid for said acquisitions, work and improvements, and the expenses incidental thereto, has been determined by the County assessment engineer of work for build out of the community pursuant to Appendix A (attached). As described in subsequent sections of this report, only developed lots will be assessed in these proceedings, and therefore only a portion of the build-out project costs will be levied as special benefits as described in the following table:

SUMMARY COST ESTIMATE

	(1) Total Estimated Cost for Build-out Condition	(2) Special Benefit for Developed Lots Only (Costs Covered in this Assessment Proceeding)
Collection System Components		
Lateral Component	$ 10,956,000.00	$ 9,869,372.64
Collector Component	52,341,045.00	44,621,635.16
Trunk Component	23,105,955.00	18,431,011.04
Subtotal	**$ 86,403,000.00**	**$ 72,922,018.84**
Treatment/Disposal Component		
Wastewater Treatment Facility	$ 27,639,000.00	$ 22,046,894.86
Effluent Disposal System	19,422,000.00	15,492,412.60
Treatment Facility Site	2,490,000.00	1,986,206.75
Subtotal	**$ 49,551,000.00**	**$ 39,525,514.21**
Common Component		
Engineering/Administration/Legal Costs	$ 16,000,000.00	$ 12,762,762.00
Permitting and Mitigation	2,490,000.00	1,986,204.84
Subtotal	**$ 18,490,000.00**	**$ 14,748,966.84**
Total Project Special Benefits Costs	**$ 154,444,000.00**	**$ 127,196,499.89**

Source: Table A.3 of "San Luis Obispo County Wastewater Assessment District No. 1, Determination of Special Benefits and Project Cost" memo dated August 16, 2007 by Dean Benedix, P.E., Assessment Engineer of Work (Appendix A to this Report)

And I do hereby assess and apportion said portion of said total amount of the cost and expenses of said project including acquisitions, work and improvements upon the several lots, pieces or parcels or portions of lots or subdivisions of land liable therefore and benefited thereby, and hereinafter number to correspond with the numbers upon the attached Assessment Diagram, upon each, severally and respectively, in accordance with the benefits to be received by such parcels, respectively, from the acquisitions and improvements, and more particularly set forth in the list hereto attached and by reference made a part hereof.

As required by said Act, an Assessment Diagram is hereto attached showing the assessment district and also the boundaries and dimensions of the respective parcels of land within said assessment district as the same existed at the time of the passage of said Resolution, each of which parcels having been given a separate number upon said Diagram.

Said assessment is made upon the parcels of land within the assessment district in proportion to the estimated special benefits to be received by said parcels, respectively, from said improvement. The diagram and assessment numbers appearing herein are the diagram numbers appearing on said diagram, to which reference is hereby made for a more particular description of said property.

Each parcel of land assessed is described in the within Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of San Luis Obispo for the fiscal year 2007-08 and includes all of such parcel excepting those portions thereof within existing public roads. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

Notice is hereby given that serial bonds or term bonds or other financing instruments, to represent unpaid assessments and bear interest at the rate of not to exceed twelve percent (12%) per annum, or such higher rate of interest as may be authorized by applicable law at the time of sale of such bonds, will be issued hereunder in the manner provided by Division 10 of the Streets and Highways Code, the Improvement Bond Act of 1915, and the last installment of such bonds shall mature not to exceed thirty-nine (39) years from the second day of September next succeeding twelve (12) months from their date.

Under the Resolution of Intention, the requirements of Division 4 of the California Streets and Highways Code shall be satisfied with Part 7.5 of said Division 4, for which the following is presented:

1. The total amount, as near as can be determined, of the total principal amount of all unpaid special assessments and special assessments required or proposed to be levied under any completed or pending assessment proceedings, other than contemplated in the current proceedings is:

   $18,774,819.57

2. The total amount of the principal sum of the special assessments (the "Balance to Assessment") proposed to be levied in the current proceedings is:

   $ 127,196,499.89

3. The total amount of the principal sum of unpaid special assessments levied against the parcels proposed to be assessed, as computed pursuant to paragraph 1. above, plus the principal amount of the special assessment proposed to be levied in the current proceedings from paragraph 2. above is:

   $145,971,319.46

4. It is the intention of the District to generate the remaining $27,247,500.11 on property not being assessed at this time in another assessment proceeding or through separate financing sponsored by the County of San Luis Obispo.

5. The total true value, as near as may be determined, of the parcels of land and improvements which are proposed to be assessed in the current proceedings, as determined by the full cash value of the parcels as shown upon the last equalized assessment roll of the County of San Luis Obispo is:

   $ 1,108,806,467.00

Dated this _____ day of _____, 20_____.

8-16-07

Craig A. Campbell, P.E.
RCE No. 34405, Expires 09-30-07
Wallace Group, a California Corporation

REGISTERED PROFESSIONAL ENGINEER
CRAIG CAMPBELL
No. 34405
Expires _____
CIVIL
STATE OF CALIFORNIA

8.16.07

Dean Benedix, P.E.
RCE No. 37892, Expires 03-31-09
San Luis Obispo County Public Works Department

REGISTERED PROFESSIONAL ENGINEER
DEAN R. BENEDIX
No. 37892
CIVIL
STATE OF CALIFORNIA

B. ASSESSMENT ROLL

A list of names and addresses of the owners of all parcels, and the description of each lot or parcel within the County of San Luis Obispo Wastewater Assessment District No. 1 is shown on the last equalized Property Tax Roll of the San Luis Obispo County Assessor, which by reference is hereby made part of this report.

This list is keyed to the Assessor's Parcel Numbers as shown on the Assessment Roll, which includes the proposed amount of assessment apportioned to each lot or parcel and the parcel's assessment number. The Assessment Roll for the Assessment District is shown in a separately bound document which is on file with the Clerk of the Board; said material being too bulky to be bound with this Engineer's Report.

PART II

PRELIMINARY PLANS

Reference is hereby made to the body of evidence and summary cost information contained within the Fine Screening Report previously referenced and incorporated, which is on file in the Office of the County Engineer in the Department of Public Works; said material being too bulky to be bound with this Engineer's Report.

PART III

PROJECT DESCRIPTION

The proposed project consists of a community wastewater collection system and treatment facility, capable of collection, treatment and disposal of sanitary sewer waste which will make available wastewater treatment services needed to satisfy the mandate made by the Central Coast Regional Water Resources Control Board through Resolution No. 83-13, dated September 16, 1983.

PART IV

ESTIMATE OF COSTS

An estimate of the cost of the proposed improvements and of the cost of lands, rights-of-way, and incidental expenses is shown in "Table 1 – Estimate of Costs," which is reproduced from Appendix A. The estimated cost is based on a system sized to convey, treat, and dispose of wastewater under a build-out condition within the assessment district boundary. The special benefit conferred to developed properties, which is the subject of this assessment, is addressed in subsequent sections. As further described in Appendix A, the collection system cost is intended to be sufficient to fund either a gravity system or a STEP system.

Table 1
Estimate of Costs

	(1) Total Estimated Cost for Build-out Condition	(2) Special Benefit for Developed Lots Only (Costs Covered in this Assessment Proceeding)
Collection System Components		
Lateral Component	$ 10,956,000.00	$ 9,869,372.64
Collector Component	52,341,045.00	44,621,635.16
Trunk Component	23,105,955.00	18,431,011.04
Subtotal	**$ 86,403,000.00**	**$ 72,922,018.84**
Treatment/Disposal Component		
Wastewater Treatment Facility	$ 27,639,000.00	$ 22,046,894.86
Effluent Disposal System	19,422,000.00	15,492,412.60
Treatment Facility Site	2,490,000.00	1,986,206.75
Subtotal	**$ 49,551,000.00**	**$ 39,525,514.21**
Common Component		
Engineering/Administration/Legal Costs	$ 16,000,000.00	$ 12,762,762.00
Permitting and Mitigation	2,490,000.00	1,986,204.84
Subtotal	**$ 18,490,000.00**	**$ 14,748,966.84**
Total Project Special Benefits Costs	**$ 154,444,000.00**	**$ 127,196,499.89**

Source: Table A.3 of "San Luis Obispo County Wastewater Assessment District No. 1, Determination of Special Benefits and Project Cost" memo dated August 16, 2007 by Dean Benedix, P.E., Assessment Engineer of Work (Appendix A to this Report)

The Board intends, pursuant to subparagraph (f) of Section 10204 of the 1913 Act, to authorize an annual assessment upon each of the parcels of land in the proposed Assessment District to pay various costs and expenses incurred from time to time by the County and not otherwise reimbursed to the County which result from the administration and collection of assessment installments or from the administration or registration of the improvement bonds and the various funds and accounts pertaining thereto, in an amount per year not to exceed six dollars ($6) per parcel, however, said amount may be subject to an inflation adjustment of up to 2% per year. This annual assessment shall be in addition to any fee charged pursuant to Section 8682 and 8682.1 of the Streets and Highways Code.

PART V

ASSESSMENT DIAGRAM

Properties located within the proposed Assessment District are within the prohibition zone established by the Central Coast Regional Water Quality Control Board, in the unincorporated community of Los Osos. The boundaries of the proposed assessment district, as established by the Board of Supervisors with its Resolution of Intention adopted on August 21, 2007, and incorporated herein by reference, do not include two subdivisions within the prohibition zone that have been exempted from collection by the Regional Water Quality Control Board. These subdivisions are commonly known as the Martin Tract and Bayview Heights.

The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of San Luis Obispo for the year when this Report was prepared, and are incorporated by reference herein and made part of this Report. The Assessment Diagram for the Assessment District is shown in a separately bound document which is on file with the Clerk of the Board; said material being too bulky to be bound with this Engineer's Report.

PART VI

METHOD OF ASSESSMENT APPORTIONMENT

A. GENERAL DESCRIPTION OF METHOD

Parcels located within the prohibition zone established by the Central Coast Regional Water Quality Control Board in the unincorporated community of Los Osos are included in the proposed Assessment District, with the exception of properties that have been exempted from collection as noted in Part V. Previous assessment proceedings, including those most recently conducted by the Los Osos Community Service District, have served to establish the estimated build out potential of both developed and vacant properties within the assessment district. These previous proceedings are further described in the "Amended Engineer's Report for the Los Osos Community Services District Wastewater Assessment District No. 1" dated June 28, 2001, and in various engineering and administrative corrections by the CSD from June 2001 through August 2007. The special benefit to each parcel was previously assessed by assigning Benefit Units (BU) to each property for each of five components of the project as described below. One Benefit Unit is equivalent to one single family residence, often termed a dwelling unit equivalent or DUE. The same methods and assessment district boundary have been adopted for the current assessment. However, the primary difference in the current proceedings is the manner in which vacant and under-developed properties are assessed.

On July 17, 2007, the Board of Supervisors adopted a policy position with respect to undeveloped properties within the assessment district. The position of the County is that only developed properties, which are threatened with regulatory enforcement, will be assessed in the current proceedings. Properties are therefore to be assessed consistent with the existing level of development. The complete policy discussion is included herein as Appendix B. Given that the wastewater project described in the Fine Screening Report and associated cost estimates are configured for build-out of the community, the special benefit provided to developed properties should exclude the proportional share of the project cost assigned to either future development of vacant properties or further development of underdeveloped properties. This apportionment to developed properties was performed in the following manner:

- The total special benefits of the project, which includes adequate capacity for the build-out of properties within the assessment district, was estimated for each of five project components as described in Appendix A.

- The number of Benefit Units at build out, attributable to each of five project components, was determined in previous proceedings as described above. These build out Benefit Unit assignments were used for the purpose of apportioning the cost of each project component to each build out Benefit Unit. The value of each Benefit Unit was thereby established, based on build out of the assessment district.

- After obtaining the value of each Benefit Unit by project component, the same value was applied to existing development. The complete process is described in numerical detail below.

A summary of the project components and their relative total special benefit is provided as follows:

Collection System Components Special Benefit (Three Components)

Lateral Component:

Laterals are defined as individual service lines that extend from the main in the street to the property line. In a STEP/STEG system, the lateral component would include the publicly financed and owned collection system components that are located on each private property, such as the STEP/STEG tank, pump, and control panel. A total special benefit of **$10,956,000** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

Collector Component:

Collectors are defined as the localized sewer mains and pocket pump stations that convey water to trunks and regional pump stations. Some areas of the community, notably Bayridge Estates and Vista de Oro, have existing lateral and collector infrastructure as part of community septic systems. A total special benefit of **$52,341,045** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

Trunk Component:

This component includes larger gravity mains, force mains, pump stations, and standby power facilities that serve regional areas. During the previous assessment proceedings, the trunk component was determined to include 19.1% of the planned pipelines. This percentage will also be used for this assessment. Conveyance facilities required to pump wastewater to a treatment plant site if located east of Los Osos Creek would be included in this component. A total special benefit of **$23,105,955** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

Treatment/Disposal Component Special Benefit

This component includes the cost of the wastewater treatment facility, the effluent disposal system, and the wastewater treatment facility site.

Wastewater Treatment Facility:

The special benefits attributable to the wastewater treatment facility were determined based on a range of technologies that would form a functional Level 1 system, which would also fund a Level 2 project. A number of different combinations of treatment technology and sludge processing would be fundable at a cost less than or equal to the proposed special benefit. A total special benefit of **$27,639,000** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

Effluent Disposal System:

The special benefit associated with the effluent disposal system was determined by using the high range of the Level 1 cost estimate. It should be noted that a Level 2 project could also be completed for essentially the same cost. A total special benefit of **$19,422,000** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

Treatment Facility Site:

A total special benefit of **$2,490,000** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

Common Component Special Benefit

Project costs that are attributable to the entire project including engineering, administration, legal, permitting, and mitigation are included in this component.

Engineering, Administration, and Legal:

A total special benefit of **$16,000,000** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

Permitting and Mitigation:

A total special benefit of **$2,490,000** was established for build-out as defined in Appendix A. A portion of this special benefit was allocated to developed properties for the current proceedings as summarized in Table 1.

B. ASSESSMENT RATE CALCULATION

The above-referenced component costs were then apportioned to the number of Benefit Units assigned to each component for build-out of the assessment district. An example for the lateral component is provided below, and a summary for the remaining components is provided in Table 2.

Lateral Component calculation of cost per BU based on build-out

Project Special Benefits Costs = $10,956,000
Number of Current (or Build Out) Lateral BUs = 4,769
Cost per BU = $10,956,00 / 4,769 = $2,297.34

To obtain the total assessment for the current proceedings, the cost per BU was multiplied by the number of BUs based on the existing use of each developed parcel.

Lateral Component calculation of total assessment for developed properties

Cost per BU = $2,297.34
Number of Lateral BUs for developed parcels based on existing use = 4,296
Total Assessment for Lateral Component = $9,869,372.64

Table 2
Component Cost Calculation

Component	Project Special Benefits Cost	÷	No. of BUs for All Parcels Based on Build Out Use	=	Cost per BU	×	No. of BUs for Developed Parcels Based on Existing Use	=	Total for This Assessment
Lateral	$ 10,956,000		4,769.00		$ 2,297.34		4,296.00		$ 9,869,372.64
Collector	$ 52,341,045		5,745.47		$ 9,109.97		4,898.11		$ 44,621,635.16
Trunk	$ 23,105,955		6,734.72		$ 3,430.87		5,372.11		$ 18,431,011.04
Treatment/ Disposal	$ 49,551,000		6,734.72		$ 7,357.54		5,372.11		$ 39,525,514.21
Common	$ 18,490,000		6,734.72		$ 2,745.47		5,372.11		$ 14,748,966.84
Total	$154,444,000				$24,941.19				$127,196,499.89

Within the Assessment District, there are various land uses such as single family residence, multiple family residences, commercial retail property, open space, etc. The method of assigning BUs to each of these land uses is shown in "Table 3 - Benefit Unit (BU) Assignment Based on Existing Use." Table 3 lists each type of land use in the District and the BUs assigned thereto.

Residential Single Family and Residential Suburban (RSF & RS)

A parcel with an existing residence is assessed one (1) BU or one share in each of the five project components. Additional existing residences are also assessed one (1) BU.

Residential Multi-Family (RMF)

Improved parcels being used as Residential Multi-Family are assessed one (1) lateral component per property plus ¾ of one BU per apartment/condo for collector, trunk, treatment and disposal and common facilities. Less wastewater flow is expected from RMF parcels, thus the reduction in BU's from Single Family Residences. Improved parcels with an existing single residence are assessed one (1) BU.

Commercial (CR, CS, OP)

The County Land Use Ordinance permits a wide range of uses within these zones in particular, rendering an assessment based on land use impractical. For example, a commercial parcel may house a relatively low wastewater generating activity such as warehousing or a more intense user such as a restaurant or car wash.

To avoid conjecture regarding ultimate land use, commercial parcels being used as Commercial were assessed according to parcel size. Improved parcels up to 10,000 square feet were assessed the same as an occupied single family residence. Larger parcels are assessed at increasing increments of benefit units for each 10,000 square foot increment of land. For example, a 25,000 square foot lot is assessed at a full 2.50 BUs. In circumstances where the County Land Use Ordinance would permit the addition of a residential unit to the commercial use, the parcel size was still used as the basis for the assignment of benefit. Differences in commercial uses will be accounted for in varying monthly service charges.

Improved commercial parcels used for residential purposes are assessed the same as RSF or RMF parcels, based on existing use.

Open Space (OS)

These parcels are not developable by definition and, therefore, received no assessment.

Table 3
Benefit Unit (BU) Assignment
Based on Existing Use

Land Use Category	Benefit Units (BUs)				
	Lateral Component (BU)	Collector Component (BU)	Trunk Component (BU)	Treatment and Disposal Component (BU)	Common Facility Component (BU)
Residential Single Family and Residential Suburban (RSF & RS)					
Vacant Parcel	0	0	0	0	0
Improved Property with Existing Single Residence	1	1	1	1	1
Each Additional Existing Residence	1	1	1	1	1
Residential Multi-Family (RMF)					
Vacant Parcel	0	0	0	0	0
Improved Property with Existing Single Residence	1	1	1	1	1
Improved Property with Two or More Units	1	0.75/Unit	0.75/Unit	0.75/Unit	0.75/Unit
Condominiums					
Vacant Parcel	0	0	0	0	0
Existing Common Area	1	0	0	0	0
Each Existing Unit	0	0.75/Unit	0.75/Unit	0.75/Unit	0.75/Unit

Mobile Home Parks					
Vacant Parcel	0	0	0	0	0
Existing Park Common Area	1	0	0	0	0
Each Existing Space	0	0	0.50/Unit	0.50/Unit	0.50/Unit
Vista del Oro and Bayridge Estates Tracts					
Vacant Parcel	0	0	0	0	0
Improved Property with Existing Single Residence	0	0	1	1	1
Each Additional Existing Residence	0	0	1	1	1
Commercial (CS, CR, OP)					
Vacant Parcel	0	0	0	0	0
Occupied Business	1	1/10,000-sf	1/10,000-sf	1/10,000-sf	1/10,000-sf
Existing Residential Single Family Use	1	1	1	1	1
Existing Residential Multi-Family Family Use	1	0.75/Unit	0.75/Unit	0.75/Unit	0.75/Unit
Open Space (OS)					
Not Developable by Definition	0	0	0	0	0
Special Cases					
See Following Text					

Special Cases

Condominiums

Condominiums, although many times under separate ownership, represent special cases. Each unit has been assessed ¾ BU per unit in the same manner as apartments with the exception of the lateral component. In the case of condominiums, the common area has been assessed for a single lateral BU. The exception are condominium parcels in Monarch Grove, where are assessed zero (0) BUs (see explanation for Monarch Grove below).

Mobile Home Parks

Since mobile home spaces generate less wastewater than single family residences, they have been assessed ½ the rate of RSF housing. Each park has been assessed one lateral unit plus 0.5 BUs per space for each trunk, treatment and disposal, and common facility components.

Park Name	Assessment Number	Number of Spaces	Equivalent BUs
Morro Shores	2517	164	82.00
Daisy Hill	5221	139	69.50
Sea Oaks	5222	125	62.50
Sunny Oaks	6070	65	32.50
1259 2nd Street	0427	17	8.50

Schools

Schools have been assessed as special cases. There are three existing schools in the Assessment District. To determine the portion of the project special benefit costs each school is to bear, the anticipated wastewater flow from each school was considered. Based on wastewater load and flow factors, a total of 20.25 students per equivalent benefit unit (BU) was assigned. Therefore, each school has been assessed for one lateral component plus the number of equivalent BUs for each of the collector, trunk, treatment and disposal, and common facilities components based on the school's student population.

School Name	Assessment Number	Future Student Population	Equivalent BUs
Baywood Elementary	826	600	29.64
Sunnyside Elementary	4923	290	14.30
Monarch Grove Elementary	3887	475	23.50

Other Special Cases

Special Case	Asmt No.	Means of Assessing
Library	2520	Since the library is a special public facility that is not an intensive wastewater generator, it has been assessed on the same basis as a single family residence.
Fire Station	6061	This public facility has been assessed at 1.5 BUs to account for a more intensive use than a single family residence.
South Bay Community Center	6008	This meeting hall was confirmed to be active 7 days per week and was previously assessed based on EPA flow factors at 2.33 equivalent benefit units. A subsequent parcel merge revised the equivalent benefit unit assignment to 2.98.
Churches and Other Meeting Halls	Misc.	Churches and other known meeting halls are assessed as meeting halls in a similar manner to the Community Center, with an adjustment made for a reduced number of meeting days: 2.33 BUs x (2 mtg days)/7 days per week = 0.67 equivalent BUs. There are two parcels with single family residences which are assessed one (1) BU.

Morro Shores	2518	This unsubdivided, 58 acre parcel represented a special case in the previous assessment proceedings in Los Osos, and was assessed an equivalent BU of 273.25. However, this parcel is currently vacant and will, therefore, receive an assessment of zero.
Monarch Grove	Misc.	Although Monarch Grove is within the Assessment District, the properties within this subdivision will not be assigned any special benefit. The subdivision currently utilizes an on-site tertiary treatment facility under a separate permit with the Regional Water Quality Control Board.
Vista del Oro and Bayridge Estates Tracts	Misc.	The individual parcels do not have septic tanks. Wastewater flows through a gravity system to large septic tanks and community leach fields that are centralized for the two developments. The individual parcels have been included in prior assessment proceedings for the trunk, treatment/disposal and common components. This method will again be used for the current proceedings. The developments will utilize existing lateral and collection facilities.
Golf Course	2792	According to the Regional Water Quality Control Board, the property is connected to the Monarch Grove treatment facility and, therefore, will receive an assessment of zero.
Morro Palisades	5224	The Morro Palisades property will be used for disposal and will therefore receive no assessment.
Properties Outside the Urban Services Line (USL)		Sewer service to parcels outside of the Urban Services Line (USL) is not planned to be extended at this time. Therefore, such parcels have not been assessed.

To obtain the total assessment for each parcel, the Cost Per BU was multiplied by the BU assignment as described above. For example, a parcel with one (1) existing single family residence = $24,941.19.

Component	BU	x	Cost Per BU	=	Assessment
Lateral	1		$ 2,297.34		$ 2,297.34
Collector	1		9,109.97		9,109.97
Trunk	1		3,430.87		3,430.87
Treatment/Disposal	1		7,357.54		7,357.54
Common	1		2,745.47		2,745.47
Total			$ 24,941.19		$ 24,941.19

APPENDIX A

SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Noel King, Director

County Government Center, Room 207 • San Luis Obispo CA 93408 • (805) 781-5252

Fax (805) 781-1229 email address: pwd@co.slo.ca.us

August 16, 2007

TO: Noel King, Director of Public Works

VIA: Paavo Ogren, Deputy Director of Public Works

FROM: Dean Benedix, P.E., Assessment Engineer of Work

SUBJECT: San Luis Obispo County Wastewater Assessment District No. 1, Determination of Special Benefits and Project Cost

BACKGROUND

On February 6, 2007, the Board of Supervisors approved a contract for Assessment Engineering services with the Wallace Group for the Los Osos wastewater project. The contract contemplates the completion of an Assessment Engineer's Report through the combined efforts of the County and the Wallace Group. Craig Campbell, P.E. of the Wallace Group and Dean Benedix, P.E., Utilities Manager for the County Public Works Department were selected to serve jointly as the Engineer of Work for the assessment proceedings. The Scope of Work to be completed by the County included the following items as described in Table 1 of the contract:

1. Determine the proportional special benefits for overall project components as described in Article 13D, Section 4a of the California State Constitution.

2. Provide a summary of the proposed project and estimated total cost as required by Section 10204 of the 1913 Act.

3. Provide a notice and ballot to each parcel in the assessment district as described in Article 13D.

This memorandum summarizes the information required in the first two scope items, and provides the basis for the preparation of an Assessment Engineer's Report that delineates the special benefit amount for each parcel within the assessment district.

ANALYSIS AND CONCLUSIONS

In accordance with Assembly Bill 2701 (Blakeslee), the County commissioned the preparation of an engineering analysis that identifies a range of viable project options for the Los Osos wastewater project. The report was prepared by Carollo Engineers and is entitled, "Viable Project Alternatives Fine Screening Analysis" dated August, 2007 (Fine Screening Report). The Fine Screening Report provides a substantial body of evidence that can be used to estimate the overall special benefits that would accrue to properties within the assessment district. The selection of specific project elements such as the treatment plant site and collection technology will occur in future phases of the project, following the County's due diligence period and a community survey. However, costs can be assigned to each project element that would allow for a reasonable range of alternatives while providing a complete and functional wastewater collection, treatment, and disposal system. The following guidelines were used to identify the proportional special benefits for each project element:

Special Benefit Guidelines

1. The Fine Screening Report identified a range of water supply benefits that could be achieved with the wastewater project. Given that properties inside and outside of the assessment district benefit from water supply enhancements, incremental project costs that relate to providing a water supply benefit beyond the current condition (Level 1 identified in the Fine Screening Report) are deemed general benefits.

2. The cost assigned to each component should be sufficient to fund a range of viable alternatives, but would not necessarily fund the most costly alternatives. This guideline would apply even if the most costly alternative can be determined to confer a special benefit consistent with its higher cost. As a result, the proposed assessed special benefit is expected to be less than the maximum special benefit which could be assessed given the body of evidence. If more costly alternatives are ultimately selected, other/additional sources of revenue would be required to supplement the proceeds of the assessment district.

3. The cost of the inclusion of additional treatment processes beyond secondary treatment, such as tertiary filtration, if determined necessary to achieve a level of water supply benefit beyond the current condition, would be a general benefit. The cost of providing advanced sludge recycling through composting or other means would also not be included as a special benefit.

4. Given that overall project costs for engineering, administration, and legal expenses would include some efforts relating to general benefits, the low range of these project costs will be utilized as the proposed special benefit.

5. The mid-point of the estimated cost of the treatment plant site will be utilized as the proposed special benefit.

6. Given the uncertainties associated with permit and mitigation costs and the need for a reasonable contingency, the high end of the permitting/mitigation cost range will be used as the proposed special benefit.

7. In the event project components are implemented that result in total costs less than the allocated special benefit for the project, the County shall then reduce the assessment levied to reflect the actual special benefits of the total project costs incurred for project construction and implementation.

General Benefits

Costs of general benefits are not included in the estimate of Special Benefits included herein for project component costs. General benefits are capital improvements, general services, operations and/or maintenance, other amenities and/or programs which benefit the public at large or are a general benefit to all properties within a designated area. Examples of such general benefits are:

1. Repayment of the $6.5 million dollar State Revolving Fund (SRF) loan used by the LOCSD to initiate construction on the former wastewater project. While the County does not know whether the California SRF program will be utilized to help fund the project, nor whether the Governor's signing message with his approval of Assemble Bill 2701 will be binding, any such costs shall not be paid utilizing the proposed assessments.

2. Biosolids treatment and disposal measures beyond that required for the baseline wastewater treatment project.

3. Inclusion of additional treatment processes beyond secondary treatment, such as tertiary filtration.

4. Preparation, processing and/or implementation of a Habitat Conservation Plan.

5. Mitigation of seawater intrusion beyond the impacts of the wastewater treatment project.

6. Preparation of a regional water resources plan.

Costs for implementation of any general benefit improvement, service, program or amenity is anticipated to be funded through grants and/or with other legally permissible supplemental funding sources.

Collection System Special Benefit

Pursuant to Guideline No. 2 above, the special benefit of the collection system was selected such that a range of collection system alternatives could be funded. In the current project selection strategy, the STEP and gravity alternatives would compete through the construction bidding phase using a competitive bid, design/build, and/or build/own/operate/transfer process. If gravity system bids are received near the high end of the cost range, it is unlikely that gravity will be competitive with STEP. For this reason, the allocated special benefits will be based on the low end of the gravity system cost range, which would also cover the cost of a STEP system.

Consistent with previous assessment proceedings in Los Osos, the collection system can be separated into three components, defined as follows:

Lateral component: Laterals are defined as individual service lines that extend from the main in the street to the property line. In a STEP system, the lateral component would include the publicly financed and owned collection system components that are located on each private property within appropriate public easements that will need to be established for ownership and maintenance by the County, including the STEP tank, pump, control panel, and appurtenant facilities.

Trunk component: This component includes larger gravity mains, force mains, pump stations, and standby power facilities that serve regional areas. During the previous assessment proceedings, the trunk component was determined to include 19.1% of the planned pipelines. This percentage will also be used for the current assessment. Conveyance facilities required to pump wastewater to a treatment plant site if located east of Los Osos Creek would be included in this component.

Collector component: Collectors are defined as the localized sewer mains and pocket pump stations that convey water to trunks and regional pump stations. Some areas of the community, notably Bayridge Estates and Vista de Oro, have existing lateral and collector infrastructure as part of their existing community septic systems.

Table A.1 on the following page summarizes the proposed special benefits for each component of the collection system. The costs were derived from the low range of the gravity collection system, as summarized in the Fine Screening Report.

Treatment, Disposal, Permit, and Administrative Project Costs

In addition to the three collection system components described above, two additional project components are required to complete a functional wastewater system as follows:

Treatment/Disposal Component: This component includes the cost of the wastewater treatment facility, the effluent disposal system, and the wastewater treatment facility site.

Common Component: Project costs that are attributable to the entire project including engineering, administration, legal, permitting, and mitigation are included in this component.

The special benefits attributable to the wastewater treatment facility were determined based on a range of technologies that would form a functional Level 1 system. A number of different combinations of treatment technology and sludge processing would be fundable at a cost less than or equal to the proposed special benefit. Table A.2 on the following page summarizes sample technologies that could be funded at a cost at or near the proposed special benefit. As indicated in Table A.2, a total special benefit of $27,639,000 is recommended for this element of the project.

The special benefit associated with the effluent disposal system was determined by using the high range of the Level 1 cost estimate, or $15,600,000 in 2007 dollars. It should be noted that a Level 2 project could also be completed for essentially the same cost. The total special benefit for effluent disposal, including inflation of 24.5%, is therefore estimated at $19,422,000.

Table A.3 summarizes the proposed special benefit for the treatment/disposal and common assessment components, and the total wastewater project:

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Table A.1 - Collection System Special Benefit and Component Allocation				Cost Allocation by Collection System Component	
Item Description	Low Range Construction Cost Estimate	**Total Cost with Inflation 24.50%**	**Lateral Component**	**Collector Component 80.90%**	**Trunk Component 19.10%**
Mob/Demob/GC's (split)	$3,700,000	$4,606,500		$3,726,659	$879,842
Gravity sewers / force mains (split)	$27,800,000	$34,611,000		$28,000,299	$6,610,701
Manholes (split)	$4,300,000	$5,353,500		$4,330,982	$1,022,519
Shoring and dewatering (split)	$4,800,000	$5,976,000		$4,834,584	$1,141,416
Duplex pump station (trunk)	$2,600,000	$3,237,000			$3,237,000
Triplex pump station (trunk)	$1,200,000	$1,494,000			$1,494,000
Pocket pump station (collector)	$2,400,000	$2,988,000		$2,988,000	
Standby power station (trunk)	$2,500,000	$3,112,500			$3,112,500
Misc facility requirements (split)	$3,200,000	$3,984,000		$3,223,056	$760,944
Laterals in right of way (lateral)	$8,800,000	$10,956,000	$10,956,000		
Road restoration (split)	$5,200,000	$6,474,000		$5,237,466	$1,236,534
Land and easement acquisition	No additional cost	N/A			
Overhead and profit	No additional cost	N/A			
Conveyance to out-of-town WWTF (trunk)	$2,900,000	$3,610,500			$3,610,500
Totals	$69,400,000	**$86,403,000**	**$10,956,000**	**$52,341,045**	**$23,105,955**

Notes: 1. Percentage split between trunk and collector from gravity main analysis performed by the LOCSD in the 2001 assessment district - applied to split items only.
2. Estimate of inflation from Fine Screening Report, Appendix C

Table A.2 - Treatment System Special Benefit and Sample Projects					
System Description	Secondary Treatment Plant	Nitrification/Denitrification	Sludge Processing	Total Construction Cost Estimate in 2007 dollars	**Total Cost with Inflation 24.50%**
Oxidation ditch with sub-class B sludge processing and gravity collection system influent	$19,100,000	Additional facilities not required	$3,100,000	$22,200,000	$27,639,000
Pond system with full nitrification and denitrification facilities	$14,200,000	$7,400,000	Additional facilities not required	$21,600,000	$26,892,000
Biolac system with full dentrification facilities and sub-class B sludge processing from a STEP collection system	$13,700,000	$3,600,000	$2,000,000	$19,300,000	$24,028,500
Recommended Special Benefit for Wastewater Treatment System					**$27,639,000**

Notes: 1. Sub class B estimates include the cost for belt filter press dewatering
2. Estimate of inflation from Fine Screening Report, Appendix C

Table A.3: Special Benefits Summary for Treatment/Disposal and Common Components		
Item Description	Proposed Special Benefits	Comments
Wastewater Treatment Facility (Secondary for Level 1 Disposal)	$27,639,000	Funds a range of secondary technology alternatives, not including tertiary treatment (see Table A.2)
Effluent Disposal System (Level 1)	$19,422,000	Water supply benefits beyond current conditions are general benefits
Treatment facility site	$2,490,000	Middle of cost range consistent with proposed guidelines
Total for Treatment/Disposal Component	**$49,551,000**	
Project costs including engineering, administration, and legal	$16,000,000	Low end of cost range consistent with proposed guidelines
Permitting and mitigation	$2,490,000	High end of cost range consistent with proposed guidelines
Total for Common Component	**$18,490,000**	
Total for Collection System Components from Table A.1	**$86,403,000**	
Total Project Special Benefits	**$154,444,000**	

APPENDIX B

COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL

(1) DEPARTMENT	(2) MEETING DATE	(3) CONTACT/PHONE
Public Works	July 17, 2007	Paavo Ogren, Deputy Director of Public Works (805) 781-5252

(4) SUBJECT
Consideration of Policy Direction on Proposition 218 Property Owner Votes for the Los Osos Wastewater Project

(5) SUMMARY OF REQUEST
Pursuant to Assembly Bill 2701 (Blakeslee), the County must conduct a Proposition 218 property owner vote to develop assessment funding for a community wastewater project if the County is going to implement the project. Distinguishing how project issues differ between developed versus undeveloped properties, and appropriate policy direction, is needed for overall project planning and development.

(6) RECOMMENDED ACTION
It is our recommendation that your Honorable Board adopt the proposed policy in Exhibit "A" regarding Proposition 218 Property Owner votes for the Los Osos wastewater project.

(7) FUNDING SOURCE(S)	(8) CURRENT YEAR COST	(9) ANNUAL COST	(10) BUDGETED?
General Fund	N/A	N/A	☐ No ☒ Yes ☐ N/A

(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST):
Central Coast Regional Water Quality Control Board, Los Osos Community Services District, Monarch Grove Homeowners Association, California Coastal Commission

(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? ☒ No ☐ Yes, How Many? _____
☐ Permanent _____ ☐ Limited Term ____ ☐ Contract _____ ☐ Temporary Help _____

(13) SUPERVISOR DISTRICT(S)
☐ 1st, ☒ 2nd, ☐ 3rd, ☐ 4th, ☐ 5th, ☐ All

(14) LOCATION MAP
☐ Attached ☒ N/A

(15) Maddy Act Appointments Signed-off by Clerk of the Board
☒ N/A

(16) AGENDA PLACEMENT
☐ Consent ☐ Hearing (Time Est. _____)
☐ Presentation ☒ Board Business (Time Est. 45 MIN.)

(17) EXECUTED DOCUMENTS
☐ Resolutions (Orig + 4 copies) ☐ Contracts (Orig + 4 copies)
☐ Ordinances (Orig + 4 copies) ☒ N/A

(18) NEED EXTRA EXECUTED COPIES?
☐ Number: _____ ☐ Attached ☒ N/A

(19) BUDGET ADJUSTMENT REQUIRED?
☐ Submitted ☐ 4/5th's Vote Required ☒ N/A

(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)
N/A

(21) W-9
☒ No ☐ Yes

(22) Agenda Item History
☐ N/A Date: June 12, 2007

(23) ADMINISTRATIVE OFFICE REVIEW

Reference: 07JUL-17-BB-1

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SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Noel King, Director

County Government Center, Room 207 • San Luis Obispo CA 93408 • (805) 781-5252

Fax (805) 781-1229 email address: pwd@co.slo.ca.us

TO: **Board of Supervisors**

FROM: **Paavo Ogren, Deputy Director of Public Works** PO

VIA: **Noel King, Director of Public Works** NK

DATE: **July 17, 2007**

SUBJECT: **Consideration of Policy Direction on Proposition 218 Property Owner Votes for the Los Osos Wastewater Project**

Recommendation

It is our recommendation that your Honorable Board adopt the proposed policy in Exhibit "A" regarding Proposition 218 Property Owner votes for the Los Osos wastewater project.

Discussion

On January 1, 2007, Assembly Bill 2701 (Blakeslee) went into effect and transferred the sole authority to develop a community wastewater project in Los Osos from the Los Osos Community Services District (LOCSD) to the County. On October 3, 2006 your Board approved a $2.0 million appropriation from the General Fund budget for the Public Works Department to undertake efforts needed to conduct a Proposition 218 assessment vote of property owners, which was prescribed by AB 2701. At this time, it is necessary for your Board to consider which property owners may submit ballots pursuant to requirements of Proposition 218 so that the assessment engineer's report can be prepared for your consideration in the near future.

Staff is currently following the Board direction established on June 19, 2006. At that time, your Board adopted "key elements" of a legislative platform, which provided direction while AB 2701 was moving through the legislative processes of the State Assembly and State Senate – ultimately leading to approval by Governor Schwarzenegger on September 20, 2006. Also on June 19, 2006, your Board adopted project related policies for the Public Works Department to follow. Those policies are generally broad-based in nature. Now that the project's "Fine Screening" report has been released for public review, it is also important to begin considering more detailed project policies in anticipation of future steps.

D-1
2

At this time, identifying property owners who may submit ballots on the Proposition 218 vote is important to provide the assessment engineer with direction in preparing the assessment engineer's report. That report is required by Proposition 218, and it includes the method used to determine special benefits for properties and to calculate the assessments proposed on those properties. As with many issues with Los Osos, the topic is complex and involves legal, engineering, finance and regulatory issues associated with overall project efforts. A more detailed review of those issues is covered in the attached report entitled "Proposition 218 – A Property Owner Vote".

The following is a summary of the primary issues reviewed in the attached report and considered by staff while developing the recommended policies in Exhibit "A."

- AB 2701 stipulates that the County will conduct a Proposition 218 assessment vote of property owners.

- A community wastewater project benefits both developed and undeveloped properties.

    - Developed Properties:
        - The owners of developed property located within the "prohibition zone"[1] established by the Central Coast Regional Water Quality Control Board (Regional Water Board) are currently subject to, or threatened with, regulatory enforcement actions as a result of existing septic discharges.

    - Undeveloped Properties:
        - The owners of undeveloped property that remain within the prohibition zone are not subject to the same regulatory actions affecting owners of developed property but they are impaired from developing their property due to the non-existence of required wastewater infrastructure and other issues.

        - The existing Coastal Development Permit establishes specific conditions that must be satisfied before owners of undeveloped properties can develop their properties, even if the wastewater project is completed.

    - Allowing the owners of property responsible for discharging, and facing or threatened with regulatory enforcement action, to decide on the outcome of the Proposition 218 vote required by AB 2701 creates a direct relationship between those facing regulatory actions and those who decide on whether the County may proceed with development of a community wastewater project.

1 See Attachment "A" to the attached report entitled "Proposition 218 – A Property Owner Vote"

- The result of the Proposition 218 vote by owners of developed properties is independent of providing service to undeveloped properties and in no way precludes the owners of undeveloped properties from participating in the wastewater project.

Several special cases also exist within the prohibition zone, which are further discussed in the attached report. While final direction on those cases is not needed at this time, staffs' recommendation included in Exhibit "A" includes allowing the individual owners of developed properties affected by those special cases to also cast ballots in the upcoming Proposition 218 vote. Your Board's final decision on those cases will be reflected in actions at the time that your Board is considering the assessment engineer's report and providing staff with direction to conduct the actual Proposition 218 vote, which is currently scheduled for August 28, 2007.

Other Agency Involvement/Impact

The Regional Water Board established the wastewater prohibition zone pursuant to Resolution No. 83-13, adopted on September 16, 1983. The Los Osos Community Services District currently operates wastewater facilities for the Bayridge Estates and Vista de Oro septage collection systems. The Monarch Grove Homeowners Association currently operates the Monarch Grove wastewater treatment facilities. The California Coastal Commission established permit conditions on the project. Numerous other agencies are involved in permitting and funding efforts.

Financial Considerations

The proposed policy recommendations do not have financial implications at this time. Instead, the policies recognize that the multiple steps and decisions by constituents with diverse interests will be needed for a County implemented wastewater project in Los Osos.

Results

The proposed policy recommendations would allow those owners of properties that are currently subject to, or threatened with, enforcement actions by the Regional Water Board to make the decision on whether they want the County to implement a community wastewater project on their behalf by supporting the Proposition 218 assessments that will be proposed in the near future for funding of a project.

Attachments: Exhibit "A" – Policy Recommendation regarding Proposition 218 Property Owner votes for the Los Osos wastewater project
Report entitled – "Proposition 218 – A Property Owner Vote"
Vicinity Map

File: 310.85.02

Reference: 07JUL17-BB-1

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Exhibit "A"
Los Osos Wastewater Project
Proposition 218 Property Owner Votes

1. That the Proposition 218 vote required by AB 2701 is conducted for developed parcels subject to, or threatened with, regulatory enforcement action by the Central Coast Regional Water Quality Control Board (Regional Water Board).

2. Staff shall prepare a report on options for undeveloped properties, both within the boundaries of the "prohibition zone" developed by the Regional Water Board, as well as undeveloped parcels outside of the prohibition zone but within the Los Osos Urban Services line, including but not limited to the following considerations:

    a. Wastewater infrastructure needed for those undeveloped parcels before they can be developed.

    b. Water supply infrastructure needed for those undeveloped parcels before they can be developed, which shall include consultation and possible development of conceptual terms of agreements with the water purveyors of Los Osos.

    c. Habitat Conservation Resource issues that may need to be resolved before those undeveloped parcels can be developed.

    d. General Plan issues that may need to be resolved before those undeveloped properties can be developed.

    e. Options for a second Prop 218 vote for owners of undeveloped parcels, including but not limited to the following:

        i. "Availability" assessments pursuant to the Uniform Standby Charge Procedures Act (Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5).

        ii. A "resource project" that would cover proportional special benefits for those undeveloped parcels, including wastewater infrastructure, water supply infrastructure, and/or habitat conservation resources that may be needed for those undeveloped parcels before they can develop.

    f. Options for development of wastewater and water supply infrastructure capacity for undeveloped parcels, and provisions for habitat conservation, with the imposition of development related fees which would be paid at the time of the development of those undeveloped parcels in lieu of a second Prop 218 vote.

    g. Other considerations that may be identified during the preparation of the report.

Proposition 218 – A Property Owner Vote

Summary

In November 1996, California voters approved Proposition 218 (Prop 218), commonly referred to as the "right to vote on taxes act." It is incorporated into the California State Constitution as Article XIIID, which establishes requirements for local agencies relating to property related assessments. Under the authority of Assembly Bill 2701 (AB 2701), the County of San Luis Obispo must propose assessments to support funding of the Los Osos wastewater project. If the Prop 218 vote is successful and authorizes the imposition of assessments, then AB 2701 establishes a "due diligence" period to provide the County with the opportunity to work on additional project details and determine whether the County Board of Supervisors will direct the implementation of a project.

The importance of the order of first, the Prop 218 vote and then second, the due diligence period includes the legislative recognition that a successful Prop 218 vote is not the only factor that could affect a successful project. Environmental review and permitting, which have always been envisioned during the due diligence process since prior to the approval of AB 2701, are some of the additional factors that have significant influence on public works projects. Nevertheless, the Prop 218 vote is an important "first step" because it will determine the answer to the single greatest question…

> Do Los Osos property owners want the County of San Luis Obispo to implement a community wastewater project?

Several requirements exist under Article XIIID, including the following:

> "An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them <u>and</u> upon which an assessment will be imposed."

This is an especially important provision because it creates the question…

> Which parcels will the County propose to impose assessments upon?

On this matter, staff is recommending that your Board provide the following direction:

1. That the Proposition 218 vote required by AB 2701 is conducted for developed parcels subject to, or threatened with, regulatory enforcement action by the Central Coast Regional Water Quality Control Board (Regional Water Board).

2. Staff shall prepare a report on options for undeveloped properties, both within the boundaries of the "prohibition zone" developed by the Regional Water Board, as well as undeveloped parcels outside of the prohibition zone but within the Los Osos Urban Services line, including but not limited to the following considerations:

D-16

a. Wastewater infrastructure needed for those undeveloped parcels before they can be developed.

b. Water supply infrastructure needed for those undeveloped parcels before they can be developed, which shall include consultation and possible development of conceptual terms of agreements with the water purveyors of Los Osos.

c. Habitat Conservation Resource issues that may need to be resolved before those undeveloped parcels can be developed.

d. General Plan issues that may need to be resolved before those undeveloped properties can be developed.

e. Options for a second Prop 218 vote for owners of undeveloped parcels, including but not limited to the following:

    i. "Availability" assessments pursuant to the Uniform Standby Charge Procedures Act (Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5).

    ii. A "resource project" that would cover proportional special benefits for those undeveloped parcels, including wastewater infrastructure, water supply infrastructure, and/or habitat conservation resources that may be needed for those undeveloped parcels before they can develop.

f. Options for development of wastewater and water supply infrastructure capacity for undeveloped parcels, and provisions for habitat conservation, with the imposition of development related fees which would be paid at the time of the development of those undeveloped parcels in lieu of a second Prop 218 vote.

g. Other considerations that may be identified during the preparation of the report.

Discussion

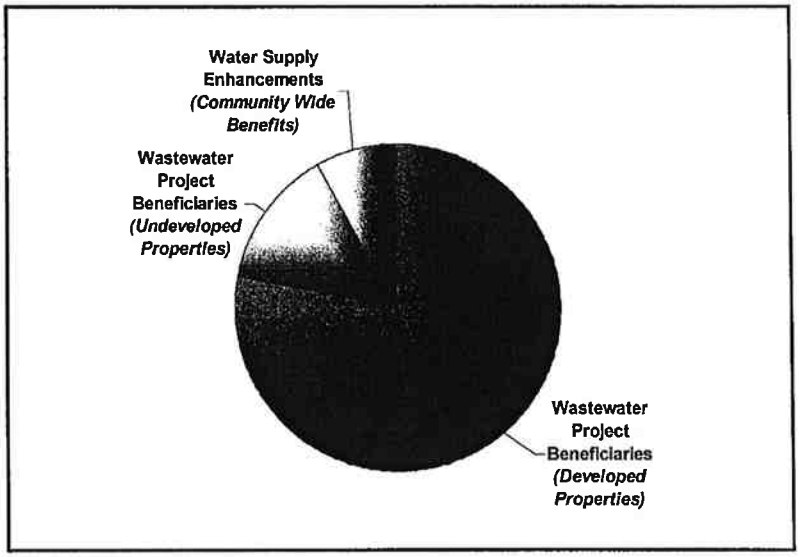
The distinction between developed parcels and undeveloped parcels is important because the issues facing owners of developed parcels and the owners of undeveloped parcels are significantly different.

- Owners of developed parcels are subject to, or threatened with, significant enforcement actions. Staff recommendations are based on a policy position that the owners of the parcels subject to, or threatened with, enforcement action should make the decision on whether the County can proceed with the development of a community wastewater project under the authority of AB 2701.

D-17

- Owners of undeveloped parcels within the prohibition zone will need more than the development of wastewater infrastructure before they may develop their parcels. Although the proposal and imposition of wastewater "availability assessments" pursuant to Prop 218 may not require those other issues to be resolved, the water supply issue is a significant community-wide issue, including all undeveloped parcels, and separate treatment of undeveloped parcels is warranted from the public policy position that assessments should not be imposed on undeveloped parcels prior to resolution of infrastructure issues needed for those parcels to develop.

The adjacent chart illustrates the costs identified in the draft Fine Screening report prepared by the project team and their approximate relationship to overall benefits (special and general) of wastewater and water supply infrastructure. It is important to recognize that actual dollar amounts and percentages have been intentionally omitted from the chart since analysis has not been completed and the chart is intended for overall illustrative purposes only. It is also important to recognize that the water supply enhancements identified in the draft report only include those that could be directly developed with the wastewater project, which would be insufficient to mitigate existing sea water intrusion, nor would they be sufficient to meet water supply at build-out. Consequently, resolution of water supply needs for undeveloped parcels will require involvement with the water purveyors and is not the sole purview of the County – further limiting the County's ability to assure owners of undeveloped parcels that they can in fact develop once a community wastewater project is constructed and operational.



Coastal Development Permit (CDP) Requirements

The existing Coastal Development Permit from the California Coastal Commission for a Los Osos wastewater project, dated January 19, 2005 (Permit Application No.: A-3-SLO-03-113) includes some important conditions that relate to undeveloped parcels and are unrelated to the location of a treatment facility or the technologies utilized in treating and disposing of wastewater and related solids. The following list of those conditions is included in this report to substantiate the policy position of staff – i.e. that the development of a community wastewater project will not be sufficient for undeveloped properties to be developed, that additional issues will need to be resolved, and that those issues are not the sole purview of the County of San Luis Obispo. Since the

D-1
8

coastal permit was issued to the Los Osos Community Services District, the references to the District may change to the County under a County implemented project. In addition, conditions may be subject to change.

CDP Condition #34

Prior to operation, the Los Osos Community Services District shall prepare and implement a comprehensive water management plan for the Los Osos groundwater basin that identifies management strategies for achieving a sustainable water supply. To prevent the wastewater treatment system from inducing growth that cannot be safely sustained by available water supplies, the District is prohibited from providing service to undeveloped parcels unless and until the Estero Area Plan is amended to incorporate a sustainable buildout target that indicates that there is water available to support such development without impacts to wetlands and habitats.

Notwithstanding any contrary provision of the Commission's regulations, including Section 13166, the District may apply for, and the Commission shall consider, an application for amendment to this permit condition at, or prior to the time that the treatment plant is operational, to authorize the District to issue Will Serve letters to properties that would otherwise qualify.

CDP Condition #76

Prior to providing wastewater treatment service to undeveloped parcels, the LOCSD, in coordination with the California Department of Fish and Game (CDFG), the US Fish and Wildlife Service (USF&WS), San Luis Obispo County and the California Coastal Commission shall prepare and implement a Habitat Conservation Plan (HCP) for the long-term preservation of habitat remaining with the Los Osos Greenbelt, including habitat remaining on individual vacant lots. The HCP shall:

- identify the habitat resources and the quality of those resources on the remaining vacant properties within the South Bay Urban Area and Los Osos Greenbelt;

- specify measures to avoid and minimize impacts to ESHA from buildout of the Service area, and to mitigate unavoidable impacts through acquisition, protection, and/or restoration of equivalent habitat within the planning area;

- implement such measures through one or more amendments to the Estero Area Plan that integrates the HCP, as approved by the US Fish and Wildlife Service and Department and Fish and Game, with LCP standards for development in the South Bay Urban Area. This LCP amendment must become fully effective, and all permits required by state and federal Endangered Species Acts shall be issued, before LOCSD makes any final commitment to provide wastewater treatment service to undeveloped properties.

The range of potential conservation programs to be considered in the HCP shall include, but not be limited to the following:

a) New development programs and standards that maximize preservation of sensitive biological resources in the Los Osos through:

   i) Transfer of development credits

   ii) Clustering

   iii) Avoidance of sensitive resources in site design

   iv) Changes in density and land use

   v) Incorporation of open space into the design of new development

b) Programs aimed at facilitating coordination among agencies and organizations involved in management and conservation/preservation of sensitive resources, including USF&WS, CDFG, California Coastal Commission, San Luis Obispo County, the LOCSD, MEGA, NEP, Land Conservancy of San Luis Obispo County, and others;

c) The creation of a land bank program to facilitate the purchase, restoration, and management of properties with high quality habitat within the Greenbelt, to be repaid over time from fees on new building permits; and,

d) Programs for the acquisition, restoration, and management of properties within the Greenbelt with significant habitat resources.

Notwithstanding any contrary provision of the Commission's regulations, including Section 13166, the District may apply for, and the Commission shall consider, an application for amendment to this permit condition at, or prior to the time that the treatment plant is operational, to authorize the District to issue Will Serve letters to properties that would otherwise qualify.

CDP Condition #82

No guarantees of Development Approvals. Approval of this permit, or any method of financing the project utilized by the LOCSD (e.g., the established assessment program), does not guarantee Coastal Commission or local government approval of any new or intensified uses within the service area. All new development proposals must be reviewed for consistency with the San Luis Obispo County certified Local Coastal Program (and/or the California Coastal Act, as applicable); such review shall consider, among other issues, the environmental impacts of the new development, including the impacts associated with the installation of lateral connections necessary to tie into the approved collection system. **WASTEWATER TREATMENT SERVICE SHALL ONLY BE PROVIDED TO DEVELOPMENTS THAT HAVE OBTAINED THE REQUIRED COASTAL DEVELOPMENT APPROVALS IN A MANNER CONSISTENT WITH SUCH APPROVALS.**

PRIOR TO THE ISSUANCE OF THE PERMIT, the permittee shall submit, for the Executive Director review and approval, the public notice to all property owners of record within the service area that includes a copy of this condition, and an explanation of its effect upon the ability to obtain wastewater treatment service for future development.

PRIOR TO THE COMMENCEMENT OF CONSTRUCTION, said notice shall be mailed to all property owners within the service, or noticed in three local newspapers and included in public information handouts provided by the County.

Developed Properties – Special Cases

The policy recommendations included in this report are proposed to provide distinction between developed and undeveloped parcels, but do not at this time create a distinction between the types of developed parcels subject to regulatory enforcement actions, or special cases. Those issues will be specifically addressed in the assessment engineers' report. That report is required by Article XIIID of the Constitution, and it will be part of your Board's future consideration on the current project efforts leading to the Prop 218 vote. Nevertheless, it is noteworthy to provide preview of developed parcels within the prohibition zone that fall within special cases. Attachment "A" provides a vicinity map and identifies the following:

- Parcels currently served by the Monarch Grove Homeowners Association
- Parcels currently served by the Los Osos Community Services District
- Parcels within the Martin Tract and Bayview Heights Tract, which had not been included in previous wastewater project proposals, but are nevertheless subject to enforcement actions by the Regional Water Board.

Monarch Grove

Monarch Grove was approved on June 10, 1993. A condition of its development was the construction of a wastewater reclamation facility. The LOCSD has excluded the properties from proposed assessments, and had developed a separate agreement with the homeowners association to provide service to its properties.

LOCSD Service Areas – Vista de Oro and Bayridge Estates

The $6+ million in fines imposed by the Regional Water Board against the LOCSD were for compliance failures specifically relating to these two centralized septic systems. The individual property owners do not have septic tanks. Instead, wastewater flows through a gravity system to large septic tanks and leach fields that are centralized for those neighborhoods. The individual properties have been included in prior assessment districts, which is again anticipated for the upcoming Prop 218 vote under the authority of the County.

Martin Tract and Bayview Heights Tract

These tracts are unique within the prohibition zone from a regulatory standpoint. The average lot size exceeds one (1) acre and they have historically been excluded from assessment proceedings since, provided a community wastewater project is constructed, the Regional Water Board would not require connection of these properties. In 2000, by Order No. 00-12, the Regional Water Board approved some additional development within these tracts, subject to certain conditions, and exempted those recently developed parcels from future regulatory actions. The previously developed properties do not, however, have exemptions.

Discussions with staff of the Regional Water Board have indicated that future exemptions are being withheld pending development of a community wastewater project. As a result, parcels within the Martin and Bayview Heights tracts may benefit from the development of a community wastewater project, but whether that benefit is a "special benefit" of a wastewater project is a subject of your Board's future consideration.

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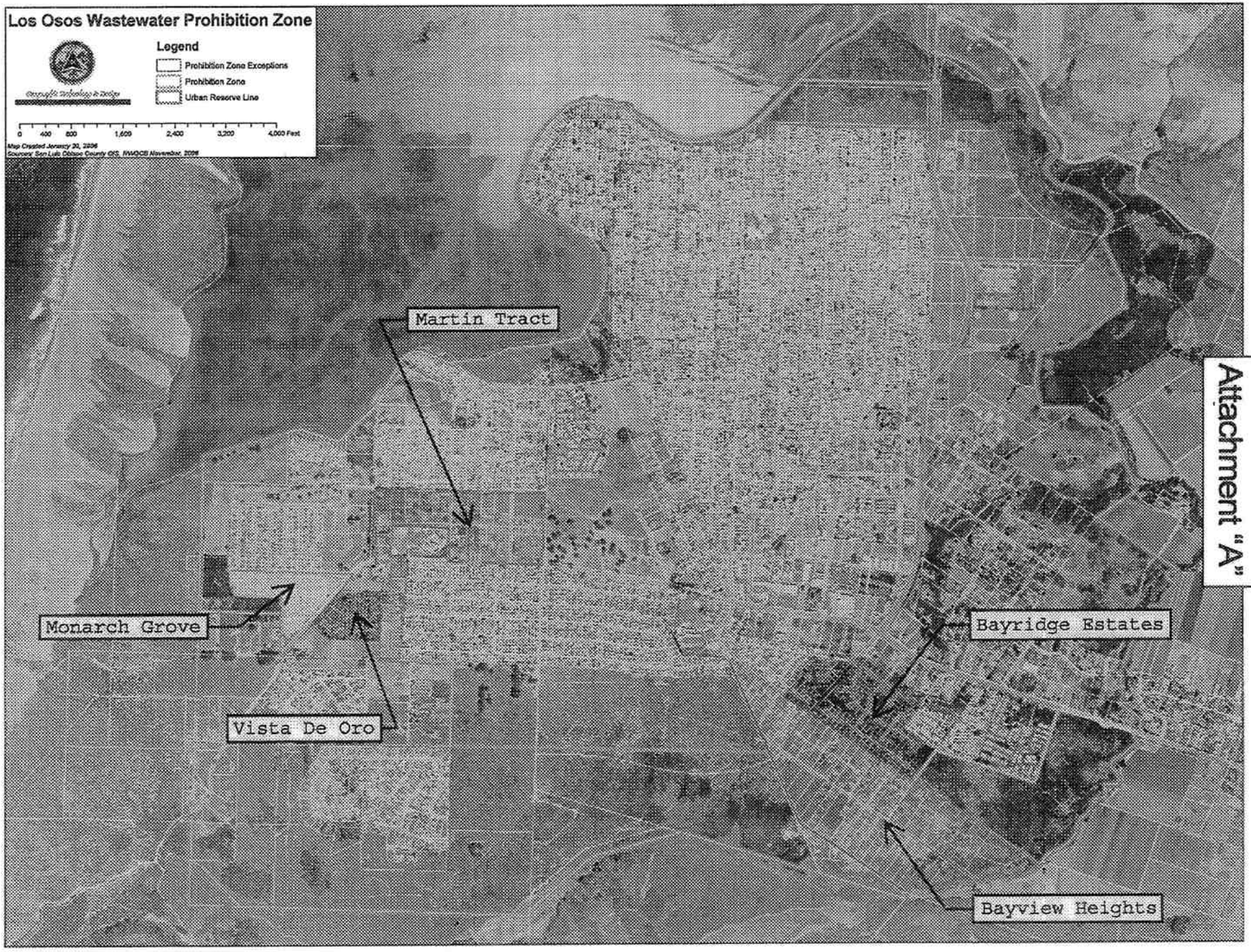


Attachment "A"

P-113

the plume of dust in this area; asks the Board to discontinue the issue of the sale of this property.

Thereafter, pursuant to the requirements of the Brown Act, County Counsel reports out on the items discussed during Closed Session as follows: No report required as no final action was taken and the Board goes into Open Public Session.

(SUPERVISOR K.H. 'KATCHO' ACHADJIAN IS NOW PRESENT.)

15 D-1 This is the time set for an update on the Los Osos Wastewater Treatment Project and (a) Business Item - consideration of policy direction on Proposition 218 Property Owner Votes for the Los Osos Wastewater Project; 2nd District.

Staff Report

Mr. Paavo Ogren: Public Works, presents the staff report; addresses the following: who will vote in the Proposition 218 election; the issue of developed versus undeveloped properties, Coastal Development Permit Conditions #34, #76 and #82 as they relate to the Los Osos wastewater project; provides a brief background on the project; discusses ensuring fairness to the undeveloped property owners; modifying their second recommendation to say within the "Urban Area" versus "Urban Services Line"; highlights the staff recommendations; addresses The Tribune article yesterday and responds to inaccuracies from that regarding: the August 28th is the date of hearing and ballots will go out after that day; vote is in proportion to the proposed assessments for the wastewater project and not in proportion to the assessed value of the property.

Board Members: address various comments, questions and concerns regarding: the various options for a 218 vote; how those that paid prior to the development of undeveloped properties will be reimbursed, with Mr. Ogren responding.

Mr. James Wilson: lives in Monarch Grove, questions whether his area should be included in the 218 vote.

Ms. Gewynn Taylor: speaks regarding a recent *Tribune* article by Bob Cutty regarding genocide and Los Osos should be added as a "social" genocide and explains.

Ms. Lacy Cooper: urges support for an election for a small bond to pay for an environmental study and explains.

Ms. Linde Owen: speaks to the need to do the CEQA process on two

projects and explains; addresses the need to look at the water issues.

Mr. Bo Cooper: supports comments by Lacy Cooper regarding a bond issue; provides information and highlights the same citing various CEQA Statutes and Guidelines.

Mr. Steve Page: states he appreciates the staff position of separating the vote for residents versus vacant land owners and provides his views on the proposals.

Ms. Lisa Schicker: member of the Los Osos Community Services District Board(LOCSD), thanks Mr. Ogren for a good report today; asks how they will integrate the "fine screening report" and a 218 election; states she supports a successful 218 election.

Mr. Leon Goldin: stats he owns property within the prohibition zone; wants all information possible prior to any election; this will be a contested election and explains his concerns.

Dr. Mary Fullwood: thanks Supervisor Gibson and Mr. Ogren for their presentation at the Water Board; addresses her concerns to comments by Julie Tacker about this being "a train wreck."

Ms. Julie Tacker: property owner and member of the LOCSD, believes the advisory vote should be before the 218 election; addresses her concerns to comments in the staff report; addresses her concerns to pitting developed versus undeveloped property owners in this election.

Mr. Jeff Edwards: resident of Los Osos, doesn't believe developed and undeveloped properties should be treated differently; believes staff is in error saying that the Coastal Commission will drive this project and explains.

Mr. Phil Gray: urges the Board to not separate the vacant owners in a 218 election.

Mr. Jim Smith: agrees with Mr. Edwards and Mr. Gray's comments; believes vacant landowners should be included in the 218 election.

Mr. Dave Duggan: thanks Mr. Ogren for the report; speaks regarding the last Technical Advisory Committee's (TAC) meeting and his concern to discussions they were having.

Mr. Bruce Payne: addresses a recent meeting with Planning staff regarding future development in Los Osos.

Ms. Jerri Walsh: reads some of Mr. Margetson's comments, as he won't be

able to finish in his three minutes, regarding Mr. Ogren's presentation to the Water Board.

Mr. Richard Margetson: concludes his comments regarding a recent Water Board meeting.

Mr. Al Barrow: addresses the need for an affordable project; provides a copy of a bill by Senator Don Perata regarding water storage.

Ms. Sandy Bean: presents a letter for the record and highlights her concerns regarding the 218 election.

Mr. Chris Allebe: questions if he doesn't vote how does that weight the election results; addresses his concerns to the 218 election.

Supervisor Gibson: responds to public comment and wants the focus today to be on who votes.

Mr. Ogren: responds to questions; addresses the weighting of a vote and not "pitting" developed versus undeveloped property owners in this process.

Supervisor Patterson: questions voting for something less than a full project, with Mr. Ogren responding.

Thereafter, on motion of Supervisor Bruce S. Gibson, seconded by Supervisor James R. Patterson, and on the following roll call vote:

AYES: Supervisors: Bruce S. Gibson, James R. Patterson, Harry L. Ovitt, K.H. 'Katcho' Achadjian, Chairperson Jerry Lenthall
NOES: None
ABSENT:None

the Board amends the second staff recommendation to say within the "Urban Area" versus "Urban Services Line"; adopts the policy in Exhibit A of the staff report dated July 17, 2007 regarding Proposition 218 Property Owner votes for the Los Osos Wastewater Project, as amended.

16 E-1 This is the time set for consideration of an Ordinance Amendment to Section 22.30.090 of the Land Use Ordinance to modify allowed horse densities; All Districts.

Staff Report

Supervisor Achadjian: presents the staff report; corrects the staff report to indicate this is a request to authorize processing of an amendment; states he

APPENDIX C

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION

RESOLUTION NO. 83-13

Revision and Amendment of Water Quality Control Plan by the Addition of a Prohibition of Waste Discharge from Individual Sewage Disposal Systems Within the Los Osos/Baywood Park Area, San Luis Obispo County

WHEREAS, the California Regional Water Quality Control Board, Central Coast Region (hereafter Regional Board), adopted the Water Quality Control Plan for the Central Coastal Basin (hereafter Basin Plan) on March 14, 1975; and,

WHEREAS, the Regional Board, after notice and public hearing in accordance with Water Code Section 13244, periodically revises and amends the Basin Plan to ensure reasonable protection of beneficial uses of water and prevention of pollution and nuisance; and,

WHEREAS, in protecting and enhancing water quality, the Basin Plan specifies certain areas where the discharge of waste, or certain types of waste, is prohibited; and,

WHEREAS, Article 5, Chapter 4, Division 7, of the California Water Code defines criteria for such prohibition areas (Section 13240 et seq.); and,

WHEREAS, Los Osos/Baywood Park is an unincorporated community, with a 1980 population of 10,933 persons located south of the City of Morro Bay, in San Luis Obispo County; and,

WHEREAS, current zoning will accommodate a population in excess of 27,000 people and an average residential lot size of about 6600 ft^2; and,

WHEREAS, on-site soil absorption or evapotranspiration systems are the sole means of wastewater disposal in the Los Osos/Baywood Park area; and,

WHEREAS, the Los Osos/Baywood Park area soil permeability is rapid and there are substantial areas with high groundwater; and,

WHEREAS, the majority of lots are too small to provide adequate dispersion of individual sewage disposal system effluent; and,

WHEREAS, the San Luis Obispo County Environmental Health Department has provided documentation concerning the problem of liquid waste disposal in the Los Osos/Baywood Park area; and,

WHEREAS, the County of San Luis Obispo is preparing an environmental impact report (EIR) in accordance with the California Environmental Quality Act and a project report that identifies adverse environmental impacts from continued use of septic tanks in the Los Osos/Baywood Park area and discusses alternatives to existing wastewater management practices; and,

WHEREAS, "Los Osos-Baywood Park/Phase I Water Quality Management Study" cites conditions which constitute contamination and pollution as defined in Section 13050 of the California Water Code; and,

WHEREAS, chemical analyses of wells in Los Osos/Baywood Park indicates 38% of the shallow wells tested in the Phase I study, taking water from the Old Dune Sands deposits portion of the qauifer, contain nitrate concentrations which exceed State Health Department Drinking Water Standards of 45 milligrams per liter; and,

WHEREAS, bacterial analyses of 42 wells tested in the Phase I study resulted in 26 wells indicating total coliform in violation of State Health Drinking Water Standards, and 2 wells indicating fecal coliform in violation of Basin Plan limits for groundwater; and,

WHEREAS, surface water bacterial analyses tested in the Phase I study indicated total and fecal coliform levels exceeding Basin Plan recommended limits for water contact recreation (REC-1); and,

WHEREAS, a letter from the California Health and Welfare Agency, Department of Health Services, states their concerns regarding the high nitrate levels in the waters of Los Osos/Baywood Park area, and recommends adequate measures be taken to correct the nitrate problems to bring the waters into compliance with California Drinking Water Standards; and,

WHEREAS, a letter from the San Luis Obispo County Health Agency Director cites violation of the public health limit for nitrates and recommends elimination of shallow groundwater usage and adoption of a discharge prohibition; and,

WHEREAS, the Regional Board is obligated to include a program of implementation for achieving water quality objectives in its Basin Plan; and,

WHEREAS, present and anticipated future beneficial uses of Los Osos/Baywood Park creeks include recreation and aquatic habitat; and,

WHEREAS, Los Osos Basin groundwaters are suitable for agricultural, municipal, domestic, and industrial water supply; and,

WHEREAS, a Regional Board staff report finds beneficial uses of Los Osos ground and surface waters are adversely affected by individual sewage disposal system discharges, there appears to be a trend of increasing degradation, and public health is jeopardized by occurrences of surfacing effluent; and,

WHEREAS, drafts of proposed revisions and amendments of the Basin Plan, prohibiting discharges from Los Osos/Baywood Park individual sewage disposal systems, have been prepared and provided to interested persons and agencies for review and comment; and,

WHEREAS, Regional Board staff has prepared documents and followed appropriate procedures to satisfy the environmental documentation requirements of both the California Environmental Quality Act, under Public Resources Code Section 21080.5 (Functional Equivalent), and the Federal Clean Water Act of 1977 (PL 92-500 and PL 95-217), and the Regional Board finds adoption of this prohibition area will not have a significant adverse effect on the environment; and,

WHEREAS, on September 16, 1983, in the San Luis Obispo City Council Chambers, 990 Palm Street, San Luis Obispo, California, after due notice, the Regional Board conducted a public hearing at which evidence was received pursuant to Section 13281 of the California Water Code concerning the impact of discharges from individual sewage disposal systems on water quality and public health; and,

WHEREAS, pursuant to Section 13280 of the California Water Code, the Regional Board finds that discharges of wastes from new and existing individual disposal systems which utilize subsurface disposal in the affected area will result in violation of water quality objectives; will impair beneficial uses of water; will cause pollution, nuisance, or contamination; and will unreasonably degrade the quality of waters of the State; and,

WHEREAS, the Regional Board finds the aforestated conditions in need of remedy to protect present and potential beneficial uses of water and to prevent pollution and nuisance.

NOW, THEREFORE, BE IT RESOLVED, that the <u>Water Quality Control Plan, Central Coastal Basin</u>, be amended as follows:

Page 5-66, after Item 7, following the legal description for Pasatiempo Pines (added by Resolution 83-09), insert the following prohibitions:

"8. Discharges of waste from individual and community sewage disposal systems are prohibited effective November 1, 1988, in the Los Osos/ Baywood Park area, and more particularly described as:

"Groundwater Prohibition Zone

(Legal description to be provided for area prescribed by Regional Board).

"Failure to comply with any of the compliance dates established by Resolution 83-13 will prompt a Regional Board hearing at the earliest possible date to consider adoption of an immediate prohibition of discharge from additional individual and community sewage disposal systems."

Discharges from individual or community systems within the prohibition area in excess of an additional 1150 housing units (or equivalent) are prohibited, commencing with the date of State Water Resources Control Board approval.

BE IT FURTHER RESOLVED, that the above area is consistent with the recommendations of the staff report as shown on "Attachment A."

BE IT FURTHER RESOLVED, that the Regional Board does intend standard exemption criteria, first paragraph of Page 5-67 of the Basin Plan, to apply to this action.

BE IT FURTHER RESOLVED, that compliance with the above prohibition of existing individual or community sewage disposal systems shall be achieved according to the following time schedule:

Task	Compliance Date
Begin Design	November 1, 1984
Complete Design	November 1, 1985
Obtain Construction Funding	December 1, 1985
Begin Construction	April 1, 1986
Complete Construction	November 1, 1988

BE IT FURTHER RESOLVED, that reports of compliance or noncompliance with schedules shall be submitted to the Regional Board within 14 days following each scheduled date unless otherwise specified, where noncompliance reports shall include a description of the reason, a description and schedule of tasks necessary to achieve compliance, and an estimated date for achieving full compliance.

BE IT FURTHER RESOLVED, the County will continue a monitoring program, approved by the Regional Board staff, that will monitor ground water quality within the prohibition boundaries as set forth in this resolution, and also a monitoring program which covers areas outside the prohibition boundaries but within the urban reserve line as shown in Attachment A.

BE IT FURTHER RESOLVED, that the Regional Board has determined this action will not have a significant adverse impact on the environment and the Executive Officer of the Regional Board is hereby directed to file a Notice of Decision to this effect with the Secretary of the Resources Agency.

BE IT FURTHER RESOLVED, that the State Water Resources Control Board is hereby requested to amend forthwith the Clean Water Grant Project Priority List to recognize the necessary structural solution for Los Osos/Baywood Park as a Priority "A" project.

BE IT FURTHER RESOLVED, that if the Board holds a hearing and adopts an immediate prohibition as described above, the prohibition is effective as of the date the Regional Water Quality Control Board adopts a prohibition of discharge from additional individual and community sewage disposal systems.

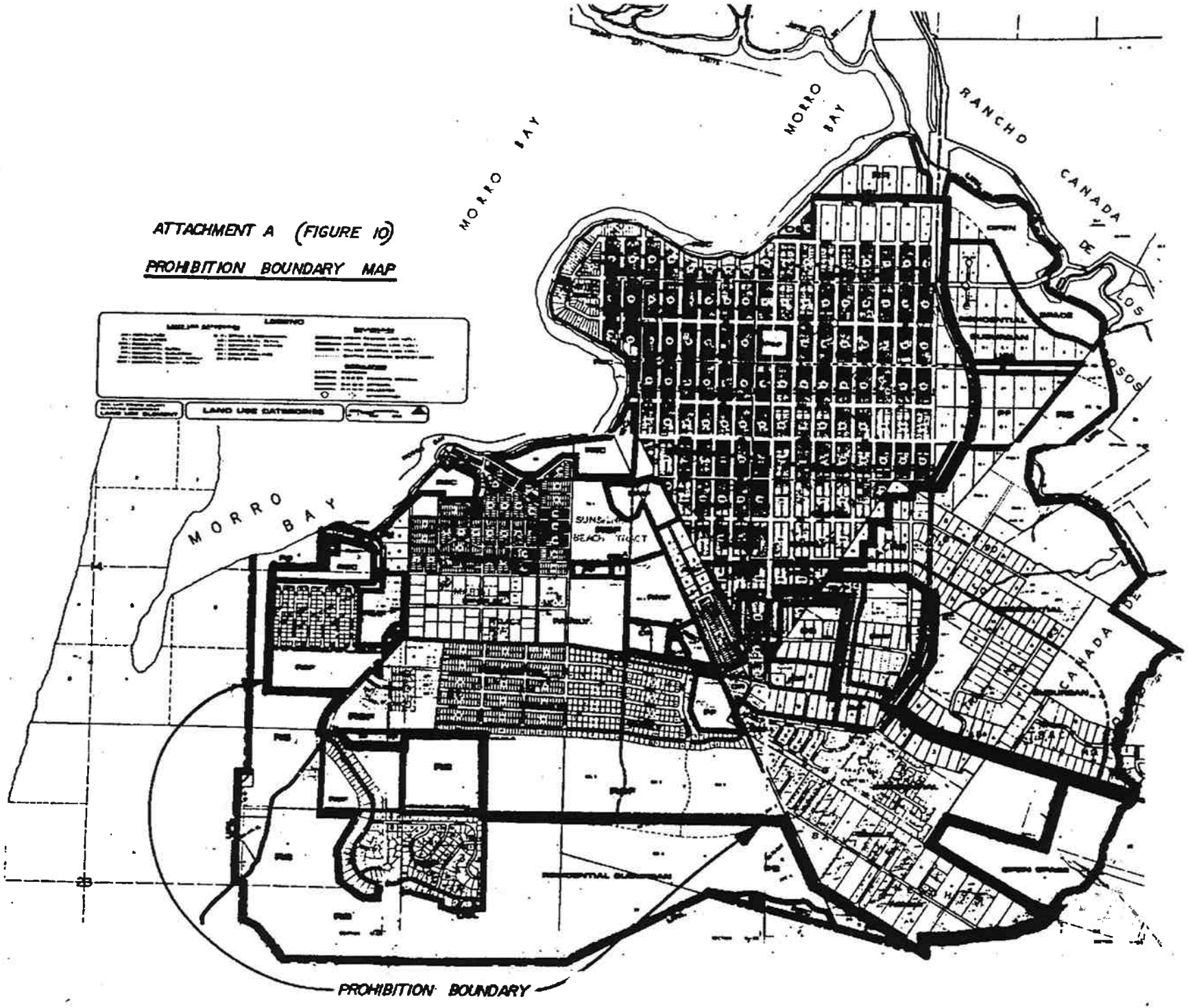
BE IT FURTHER RESOLVED, the Executive Officer of the Regional Board is hereby directed to submit this revision of the Basin Plan to the State Water Resources Control Board for approval pursuant to Section 13245 of the California Water Code.

BE IT FURTHER RESOLVED, upon approval by the State Water Resources Control Board, Chapter 5 of the Water Quality Control Plan is revised by the addition of the above prohibition.

I, KENNETH R. JONES, Executive Officer of the California Regional Water Quality Control Board, Central Coast Region, 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 September 16, 1983.

Kenneth R. Jones

Executive Officer

ATTACHMENT A (FIGURE 10)

PROHIBITION BOUNDARY MAP