

Exhibit "A"

Los Osos Wastewater Project
Project Selection Strategies

- A. Utilization of Design-Build methods of public contracting, including the following:
- a. Special legislation, that is project-specific, to provide the County with the greatest flexibility in implementing design-build public contracting in accordance with State Water Board / State Revolving Fund guidelines on design-build and the Design Build Institute of American (DBIA) manual.
 - b. Under existing statutory authorizations:
 - i. Utilization of Government Code Section 5956, especially for "STEP" alternatives.
 - ii. Utilization of traditional design-bid-build contracting for gravity collection bids.
 - c. Prepare design-build selection model based on present value and lowest life-cycle cost analysis while considering results of community survey.
- B. Development of a policy platform on the STEP collection alternative that:
- a. Opposes any requirement for separate electric meters for individual property step-pump facilities.
 - b. Supports the establishment of individual property tanks and pumping equipment as public facilities – i.e. maintained as part of the overall wastewater project.
- C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with the following strategy additions:
- a. Initiating the development of the RFQ/RFP for selecting the environmental team to prepare the EIR and Coastal Development Permit application, and associated scope of work, commencing as soon as possible.
 - b. Near-concurrent release of the draft EIR for public comment and the Community Survey (2008)
 - c. Concurrent consideration by the County Planning Commission of the project EIR and the Coastal Development Permit once bids are received so that environmental and cost considerations can be considered together (2008)
 - i. Development of the Coastal Development Permit (CDP) application as nearly consistent with the CDP previously issued for the LOCSD wastewater project
 - ii. Modifications should be limited to specific project changes

F-1
11

- d. Evaluation of risks to the State Marine Reserve that could result from wastewater treatment plants at the alternative sites identified in the EIR
 - e. Evaluation of greenhouse gases based on Assembly Bill 32.
- D. Consideration of the following regional options during the preparation of the project EIR:
- a. Regional treatment with City of Morro Bay and Cayucos
 - b. Regional septage facilities
 - c. Regional water supplies
- E. Consideration of a Decentralized Community Wastewater System
- a. Development of a Technical Memorandum on the Decentralized proposal presented by Lombardo Associates Incorporated
 - b. Submit to and obtain replies from regulatory and permitting agencies on the decentralized proposal / technical memorandum
 - c. Development of the scope of additional studies and work to support consideration of the alternative during the preparation of the project EIR.
- F. Development of wastewater system rates and charges based on demand.
- a. Similar to the City of San Luis Obispo's demand-based rate model.
 - b. Incentives for permitted grey-water systems that further reduce demands on the wastewater system.
 - c. Special legislation that would provide your Board with discretion to establish a rate discount for disadvantaged persons.
- G. Financial strategies including the following:
- a. A policy platform supporting the State Water Board's development of a 30 year repayment program, and a zero percent interest program, for projects serving disadvantaged communities and projects where the cost of compliance exceeds affordability standards established by regulatory agencies.
 - b. Consideration of Tax Increment Financing
 - c. Consideration of Redevelopment Agency Financing
 - d. Consideration of Community Development Block Financing for on-lot costs incurred by disadvantage persons

F-1
12

- e. Staff coordination of USDA applications for on-lot costs incurred by disadvantaged persons
- f. Prop. 50 (Integrated Regional Water Management) grant funding for disadvantaged persons.

H. Water resource considerations:

- a. Coordination with the community water purveyors to identify the following:
 - i. “Water Supply Enhancements” – The components of the wastewater project that directly benefit the community’s overall water resource management needs and existing deficiencies.
 - ii. “Additional Water Projects” – Those additional water projects that are needed to meet the water demands at build-out and serve undeveloped and/or under developed properties.
- b. Consideration of contractual arrangements with the community water purveyors for the purpose of implementing and equitable cost sharing of Water Supply Enhancements and Additional Water Projects.

F-1
13