TAC Meeting – August 28, 2007
Announcements from the Chair

Today the Board of Supervisors approved;

1. a resolution preliminarily approving the Assessment Engineer's report, setting a date for the public hearing of protests of the San Luis Obispo County Wastewater assessment district 1, for October 23, 2007,
2. the staff's recommendation of the sample ballot and
3. to instruct the Clerk of the Board to initiate ballot proceedings.

These actions set in motion the 218 election period during which time the effected property owners in our community will make their decision on funding the wastewater project.

The 218 vote is not meant to select a particular wastewater project but rather to permit the County to continue the process of determining those projects that are technically feasible to permit, fund and construct.

In order to assist property owners in their decision making process various documents will be made available that describe viable projects, their costs and the various impacts they will have on the community. That information will include the TAC's Pro/Con reports – Pro/Con Analysis on Project Component Alternatives and Pro/Con Analysis of Sample Projects.

It is our intention this evening to approve our Pro/Con Analysis of Sample Projects.

Remember that although our report will be addressed to the Board of Supervisors and the Project Team, it is meant to provide the community with easily understood information on five sample projects. → NEW PROJECTS - FROM PROJECT TEAM –

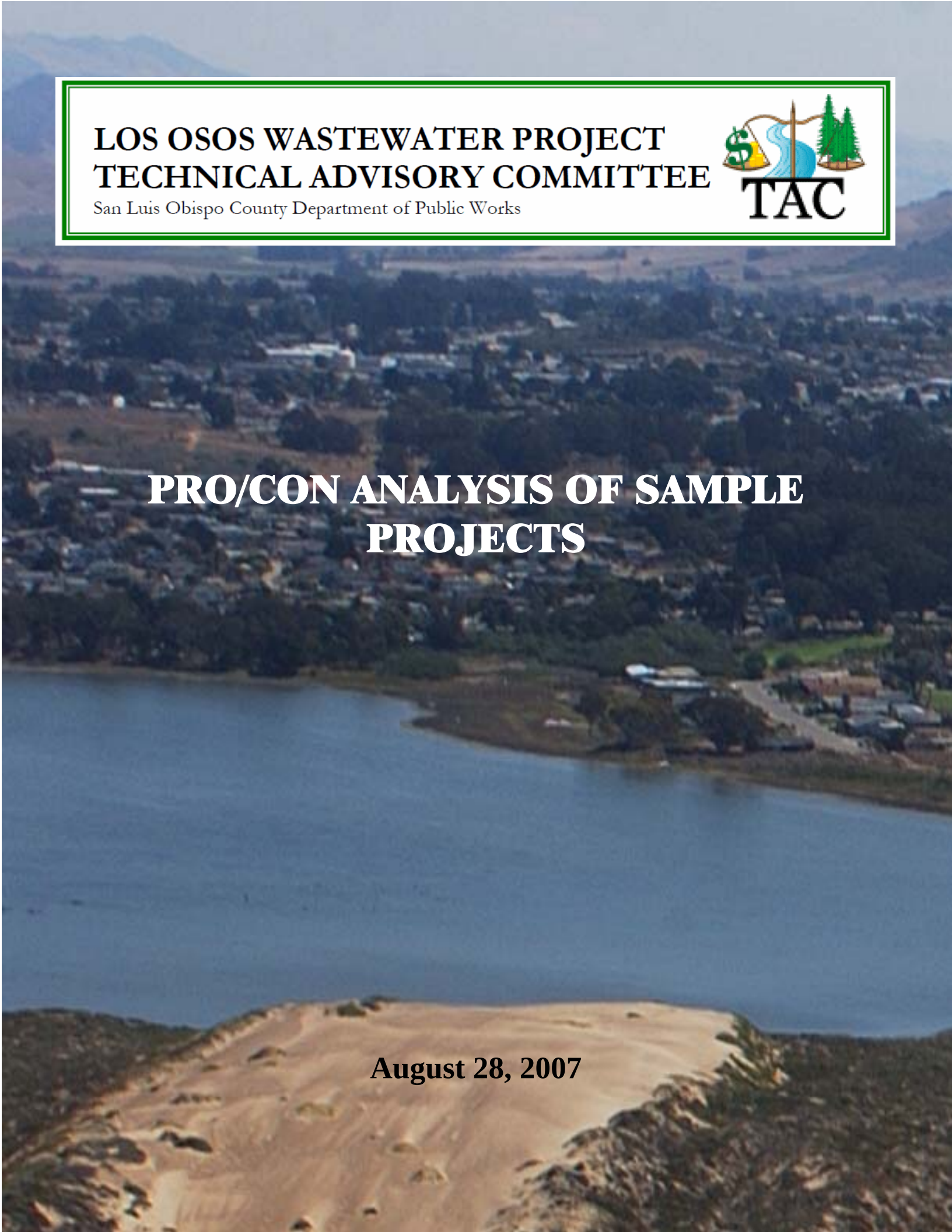
Tonight public comments and questions will be taken after a discussion by the TAC. At that time only comments and questions pertaining to the presentation will be allowed. I will call for all slips to be submitted before we begin your comments. Once public comment begins, in order to keep our meeting on schedule, we will stop accepting new slips for that item, so please get your slips in to us if you wish to speak.

After the comment period we will make the agreed upon modifications to the report and then vote on its adoption.

If you have any other comment or question relating to the TAC and it role there will be a second public input period at the end of the meeting.

Questions to the Project Team will be answered as time permits at the end of the meeting. Please be sure and fill out Public Input slips and hand them in to Diana of the project staff and, if you wish to speak in both comment periods, please submit two slips.

Submitted by
Chairman Garfinkel
8/28/07

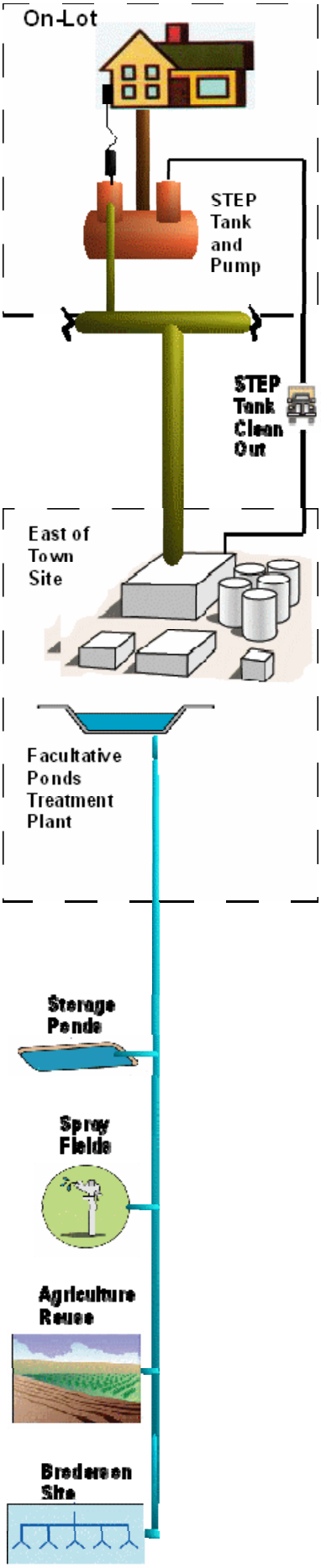


LOS OSOS WASTEWATER PROJECT
TECHNICAL ADVISORY COMMITTEE
San Luis Obispo County Department of Public Works

TAC

PRO/CON ANALYSIS OF SAMPLE PROJECTS

August 28, 2007



Sample Project A

Estimated Total Project Cost $145M to $183M

LOS OSOS WASTEWATER PROJECT
TECHNICAL ADVISORY COMMITTEE
San Luis Obispo County Department of Public Works
TAC

Collection	Treatment	Effluent Disposal	Solids Disposal	Site	Permit, Design, Mitigate, Mgmt, Admin, Escalate
STEP	Facultative Ponds	40% - 50% Reduction in Sea Water Intrusion (SWI)*	None	East of Town	
$65M - $81M	$21M – $25M	$15M – $17M		$1M – $3M	$43M - $57M

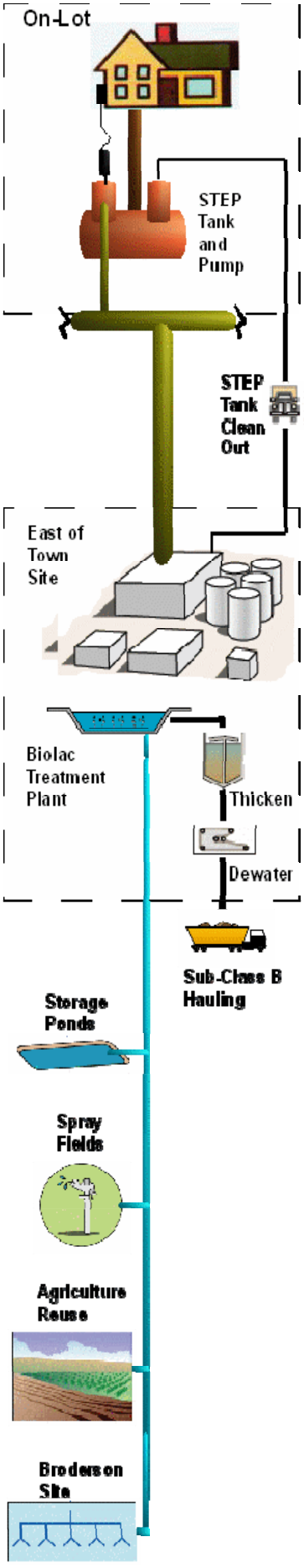
*Potential utilizing Spray Fields, Storage Ponds, Agriculture Reuse and Broderson Site

Pros

- Step collection has primary treatment in the tank and reduces solids. It also facilitates shallow trenching and Horizontal Directional Drilling (HDD) where feasible, results in less road impacts and traffic nuisance. No manholes or lift stations in roadway and minimal risk of inflow and infiltration of groundwater.
- Facultative Ponds energy usage approximately 600,000 kWh/y and greatly reduces solids production and disposal (dredging is required every 20 years).
- Spray Fields have the greatest disposal capacity and provide future flexibility
- Agriculture reuse potentially reduces pumping large volumes from aquifer
- Broderson leach field provides a direct means to recharge the upper aquifer, provides a moderate level of seawater intrusion mitigation and is currently owned by LOCSD.
- East of town sites are in a low population density area on non-prime agricultural land and in close proximity to spray fields and agriculture reuse. When combined they are adequate in size and flexibility for future expansion and emergency storage in event of system failure. There would be little traffic impact during construction and operation.

Cons

- Step collection results in construction and permanent impact on individual property, including large footprint, greater amount of yard restoration after installation, maintenance and nuisance of regular pumping of septic tank. There are potential odor issues of vents if not properly maintained (200 - 500 collection vents located throughout community). Many active on-lot components resulting in greater risk of equipment failures.
- Facultative Ponds require larger footprint (16-20 acres), produce Methane gas (a more powerful greenhouse gas than CO2) and have greater construction impacts. Additional chemical treatment is required.
- Spray Field have the greatest footprint, highest land cost, presents potential environmental impact associated with trenching of pipelines and export water from the basin which will be detrimental to the sustainable yield of the basin.
- Agriculture Reuse also has low SWI Mitigation
- Broderson leach field has construction and habitat impacts which will likely occur every 5 to 10 years. Liquefaction, water application rates, surface erosion and landslip risks are community concerns.
- East of town sites have increased cost and impacts to pipe influent from collection area and return treated effluent to Broderson. They also lack acceptance by residents in area



Sample Project B

Estimated Total Project Cost $145M to $183M

LOS OSOS WASTEWATER PROJECT TECHNICAL ADVISORY COMMITTEE
San Luis Obispo County Department of Public Works
TAC

Collection	Treatment	Effluent Disposal	Solids Disposal	Site	Permit, Design, Mitigate, Legal Mgmt, Admin,
STEP	Biolac	40% - 50% Reduction in Sea Water Intrusion (SWI)*	Sub-Class "B"	East of Town	
$65M - $81M	$20M – $23M	$15M – $17M	$1M – $2M	$1M – $3M	$43M - $57M

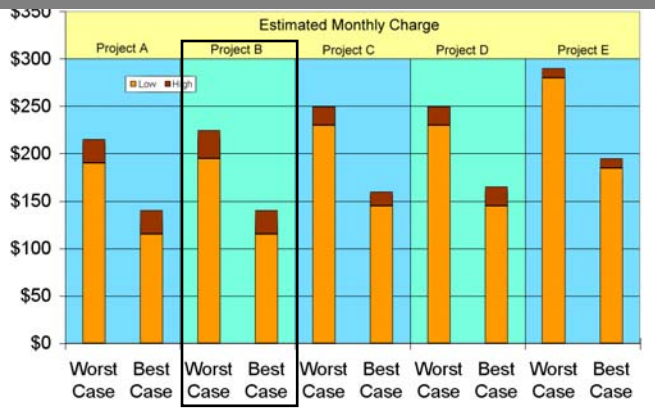
*Potential utilizing Spray Fields, Storage Ponds, Agriculture Reuse and Broderson Site

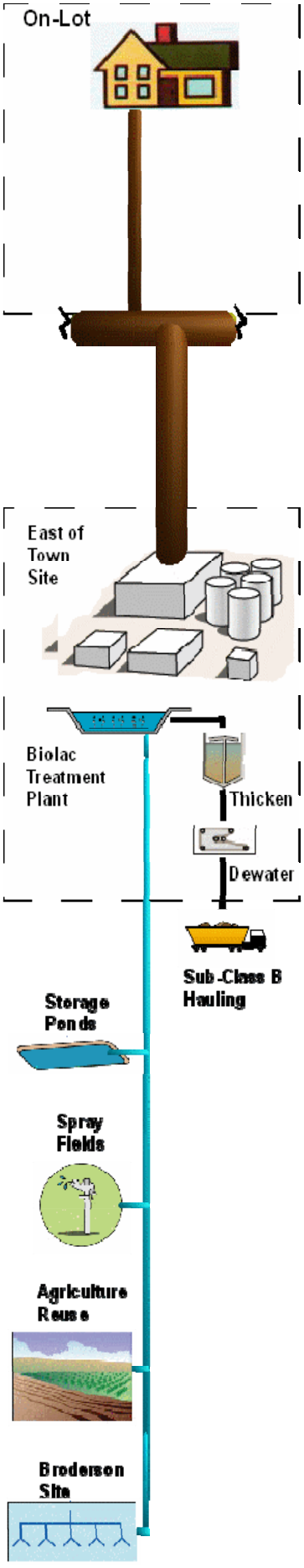
Pros

- Step collection has primary treatment in the tank and reduces solids. It also facilitates shallow trenching and Horizontal Directional Drilling (HDD) where feasible, results in less road impacts and traffic nuisance. No manholes or lift stations in roadway and minimal risk of inflow and infiltration of groundwater.
- Biolac treatment needs a small footprint (8-10 acres) and lower energy usage (800,000 kWh/yr)
- Spray Fields have the greatest disposal capacity and provide future flexibility
- Agriculture reuse potentially reduces pumping large volumes from aquifer
- Broderson leach field provides a direct means to recharge the upper aquifer, provides a moderate level of seawater intrusion mitigation and is currently owned by LOCSD.Sub-class "B" Biosolids have lowest capital and O&M costs, allow flexibility to be upgraded and have low acreage requirements
- East of town sites are in a low population density area on non-prime agricultural land and in close proximity to spray fields and agriculture reuse. When combined they are adequate in size and flexibility for future expansion and emergency storage in event of system failure. There would be little traffic impact during construction and operation.

Cons

- Step collection results in construction and permanent impact on individual property, including large footprint, greater amount of yard restoration after installation, maintenance and nuisance of regular pumping of septic tank. There are potential odor issues of vents if not properly maintained (200 - 500 collection vents located throughout community). Many active on-lot components resulting in greater risk of equipment failures.
- Spray Field have the greatest footprint, highest land cost, presents potential environmental impact associated with trenching of pipelines and export water from the basin which will be detrimental to the sustainable yield of the basin.
- Agriculture Reuse also has low SWI Mitigation
- Broderson leach field has construction and habitat impacts which will likely occur every 5 to 10 years. Liquefaction, water application rates, surface erosion and landslip risks are community concerns.
- Sub-class "B" Biosolids produce greatest volume of sludge, is the most restrictive disposal option and highly dependent on availability of receiver sites. It has the largest carbon footprint: highest hauling costs and traffic nuisance and produces lowest quality of sludge (may require additional treatment for disposal)
- East of town sites have increased cost and impacts to pipe influent from collection area and return treated effluent to Broderson. They also lack acceptance by residents in area





Sample Project C

Estimated Total Project Cost $163M to $192M

LOS OSOS WASTEWATER PROJECT
TECHNICAL ADVISORY COMMITTEE
San Luis Obispo County Department of Public Works
TAC

Collection	Treatment	Effluent Disposal	Solids Disposal	Site	Permit, Design, Mitigate, Legal Mgmt, Admin,
Gravity	Biolac	40% - 50% Reduction in Sea Water Intrusion (SWI)*	Sub-Class "B"	East of Town	
$83M - $90M	$20M – $23M	$15M – $17M	$1M – $2M	$1M – $3M	$43M - $57M

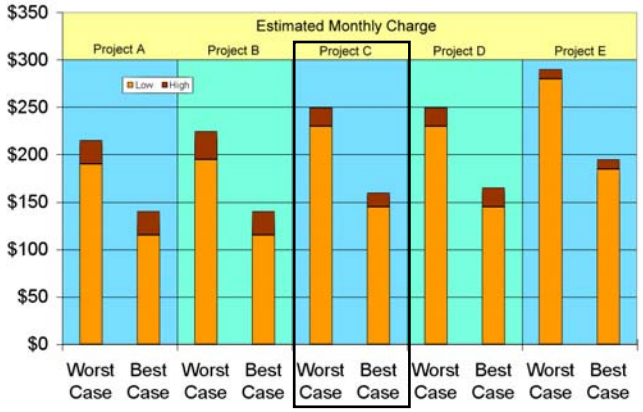
*Potential utilizing Spray Fields, Storage Ponds, Agriculture Reuse and Broderson Site

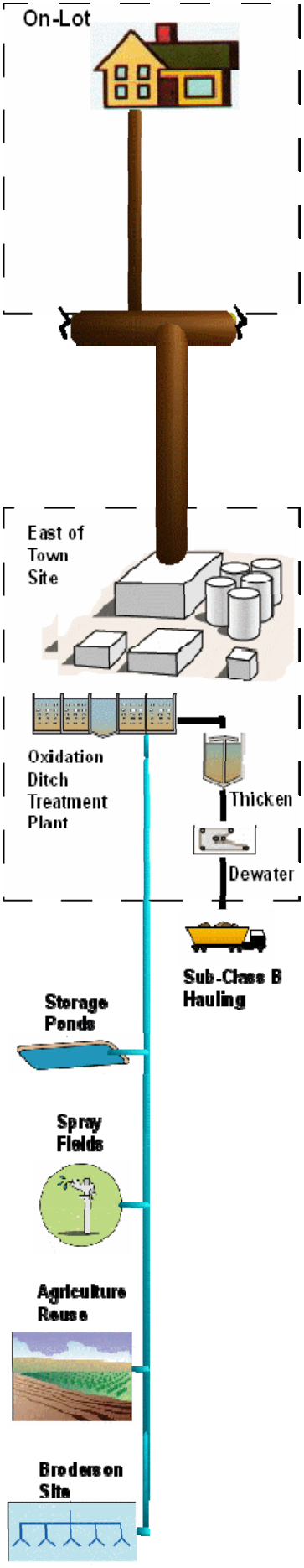
Pros

- Gravity collection has less on-lot disturbance and no easement or access required on private property. There also is no requirement to haul septage within the collection area
- Biolac treatment needs a small footprint (8-10 acres)
- Spray Fields provide future flexibility
- Agriculture reuse potentially reduces pumping large volumes from aquifer
- Broderson leach field provides a direct means to recharge the upper aquifer, provides a moderate level of seawater intrusion mitigation and is currently owned by LOCSD.
- Sub-class "B" Biosolids allow flexibility to be upgraded and low acreage requirements
- East of town sites are in a low population density area on non-prime agricultural land and in close proximity to spray fields and agriculture reuse. When combined they are adequate in size and flexibility for future expansion and emergency storage in event of system failure. There would be little traffic impact during construction and operation.

Cons

- Gravity collection requires larger pipes, deeper trenching and dewatering (resulting in need to protect water quality from disposal of collected water), significant soil erosion, and construction traffic nuisance. The needed 20 pump stations have permanent impact, requiring additional footprint and odor control. There is increased risk of inflow and infiltration of groundwater which may require additional monitoring and repair. Gravity collection pipes require cleaning every 2 years with attendant odors.
- Biolac has high energy usage (1.1M kWh/yr)
- Spray Field have the greatest footprint, highest land cost, presents potential environmental impact associated with trenching of pipelines and export water from the basin which will be detrimental to the sustainable yield of the basin.
- Agriculture Reuse also has low SWI Mitigation
- Broderson leach field has construction and habitat impacts which will likely occur every 5 to 10 years. Liquefaction, water application rates, surface erosion and landslip risks are community concerns.
- Sub-class "B" Biosolids produce greatest volume of sludge, is the most restrictive disposal option and highly dependent on availability of receiver sites. It has the largest carbon footprint: highest hauling costs and traffic nuisance and produces lowest quality of sludge (may require additional treatment for disposal)
- East of town sites have increased cost and impacts to pipe influent from collection area and return





Sample Project D

Estimated Total Project Cost $165M to $195M

LOS OSOS WASTEWATER PROJECT TECHNICAL ADVISORY COMMITTEE
San Luis Obispo County Department of Public Works
TAC

Collection	Treatment	Effluent Disposal	Solids Disposal	Site	Permit, Design, Mitigate, Legal Mgmt, Admin,
Gravity	Oxidation Ditch	40% - 50% Reduction in Sea Water Intrusion (SWI)*	Sub-Class "B"	East of Town	
$83M - $90M	$22M – $26M	$15M – $17M	$1M – $2M	$1M – $3M	$43M - $57M

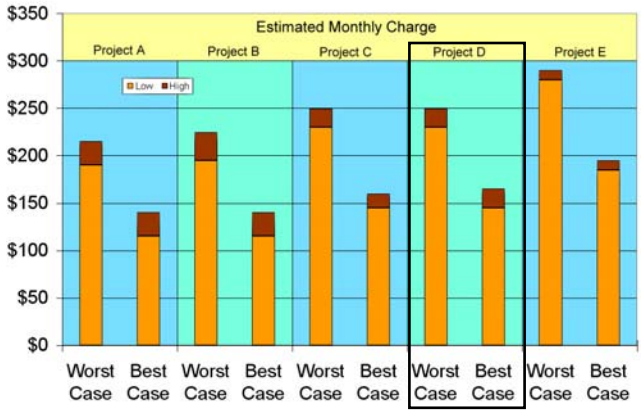
*Potential utilizing Spray Fields, Storage Ponds, Agriculture Reuse and Broderson Site

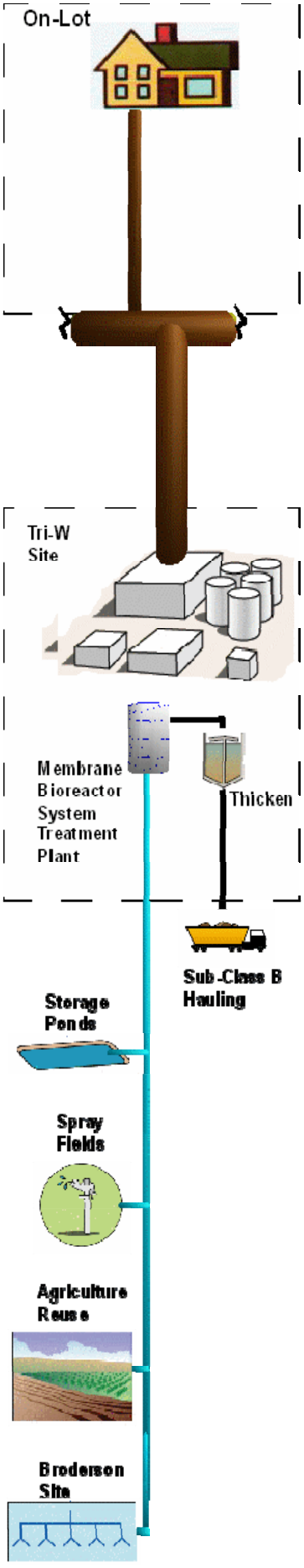
Pros

- Gravity collection has less on-lot disturbance and no easement or access required on private property. There is no requirement to haul septage within the collection area
- Oxidation Ditch treatment has a small footprint (8 acres)
- Spray Fields provide future flexibility
- Agriculture reuse potentially reduces pumping large volumes from aquifer
- Broderson leach field provides a direct means to recharge the upper aquifer, provides a moderate level of seawater intrusion mitigation and is currently owned by LOCSD.
- Sub-class "B" Biosolids allow flexibility to be upgraded and low acreage requirements
- East of town sites are in a low population density area on non-prime agricultural land and in close proximity to spray fields and agriculture reuse. When combined they are adequate in size and flexibility for future expansion and emergency storage in event of system failure. There would be little traffic impact during construction and operation..

Cons

- Gravity collection requires larger pipes, deeper trenching and dewatering (resulting in need to protect water quality from disposal of collected water), significant soil erosion, and construction traffic nuisance. The needed 20 pump stations have permanent impact, requiring additional footprint and odor control. There is increased risk of inflow and infiltration of groundwater which may require additional monitoring and repair. Gravity collection pipes require cleaning every 2 years with attendant odors.
- Oxidation Ditch has energy usage of 900,000 kWh/yr
- Spray Field have the greatest footprint, highest land cost, presents potential environmental impact associated with trenching of pipelines and export water from the basin which will be detrimental to the sustainable yield of the basin.
- Agriculture Reuse also has low SWI Mitigation
- Broderson leach field has construction and habitat impacts which will likely occur every 5 to 10 years. Liquefaction, water application rates, surface erosion and landslip risks are community concerns.
- Sub-class "B" Biosolids produce greatest volume of sludge, is the most restrictive disposal option and highly dependent on availability of receiver sites. It has the largest carbon footprint: highest hauling costs and traffic nuisance and produces lowest quality of sludge (may require additional treatment for disposal)
- East of town sites have increased cost and impacts to pipe influent from collection area and return treated effluent to Broderson. They also lack acceptance by residents in area





Sample Project E

Estimated Total Project Cost $210M to $224M

LOS OSOS WASTEWATER PROJECT TECHNICAL ADVISORY COMMITTEE
San Luis Obispo County Department of Public Works
TAC

Collection	Treatment	Effluent Disposal	Solids Disposal	Site	Permit, Design, Mitigate, Legal Mgmt, Admin,
Gravity	Oxidation Ditch	40% - 50% Reduction in Sea Water Intrusion (SWI)*	Sub-Class "B"	Tri-W	
$81M - $82M	$55M	$20M – $23M	$1M – $2M	$1M – $3M	$52M - $59M

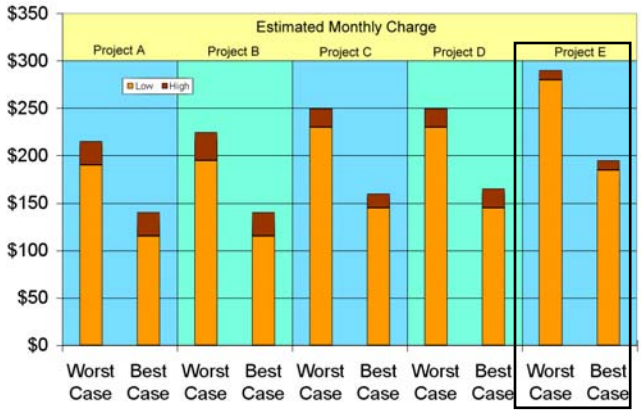
*Potential utilizing Spray Fields, Storage Ponds, Agriculture Reuse and Broderson Site

Pros

- Gravity collection has less on-lot disturbance and no easement or access required on private property. There is no requirement to haul septage within the collection area
- MBR treatment requires smallest footprint (4 acres) and produces the highest quality of effluent. As an enclosed facility it will control odors.
- Spray Fields provide future flexibility
- Agriculture reuse potentially reduces pumping large volumes from aquifer
- Broderson leach field provides a direct means to recharge the upper aquifer, provides a moderate level of seawater intrusion mitigation and is currently owned by LOCSD.
- Sub-class "B" Biosolids have low acreage requirements
- Tri-W site is already owned by the CSD and is centrally located resulting in less collection pipe and easier discharge to Broderson

Cons

- Gravity collection requires larger pipes, deeper trenching and dewatering (resulting in need to protect water quality from disposal of collected water), significant soil erosion, and construction traffic nuisance. The needed 20 pump stations have permanent impact, requiring additional footprint and odor control. There is increased risk of inflow and infiltration of groundwater which may require additional monitoring and repair. Gravity collection pipes require cleaning every 2 years with attendant odors.
- MBR treatment has the highest energy usage (1.3M kWh/yr. EIR indicated 2.1M and expected to increase with time) and a high construction nuisance in center of town
- Spray Field have the greatest footprint, highest land cost, presents potential environmental impact associated with trenching of pipelines and export water from the basin which will be detrimental to the sustainable yield of the basin.
- Agriculture Reuse also has low SWI Mitigation
- Broderson leach field has construction and habitat impacts which will likely occur every 5 to 10 years. Liquefaction, water application rates, surface erosion and landslip risks are community concerns.
- Sub-class "B" Biosolids produce greatest volume of sludge, is the most restrictive disposal option and highly dependent on availability of receiver sites. It has the largest carbon footprint: highest hauling costs and in-town traffic nuisance and produces lowest quality of sludge (may require additional treatment for disposal)
- Tri-W location is in center of town near church, library, Community Center, and high density residential area and has high visual impact. It has limited flexibility for future upgrades or expansion and is distant from spray fields and agriculture reuse. There is a lack of community acceptance for this site.



(date)

Dear friends and neighbors,

The Technical Advisory Committee (TAC) has been working hard over the last five months to analyze the various components that make up a wastewater system, based on information provided by the County's Project Team. It's been an educational, as well as challenging opportunity. Early in the process we agreed on certain core values that would guide our analysis:

- *Affordability* Building the most cost-effective system and most advantageous financing in the long run
- *Sustainability* Designing a system that helps maintain groundwater balance, ensuring our source of drinking water for the future
- *Environmental Stewardship* Protecting our environmental resources and minimizing our carbon footprint
- *Community* Valuing the diversity and minimizing the impact on our community
- *Flexibility* Leaving our options open to accommodate changing needs and opportunities
- *Controllability* Minimizing the risks associated with dependence on outside factors and parties

After gaining a better understanding of the components of a wastewater project, their estimated costs and energy usage, we took a look at some of the possible configurations that would make up a complete project. The following analysis gives an overview of four sample projects that represent alternatives to the Tri-W (downtown) plan.

Other possibilities will be considered in the next phase of planning, as well as cost-saving and value-engineering ideas. After the Proposition 218 vote has been passed and the County completes its due diligence and preliminary Environmental Impact Review, residents and owners alike will have the opportunity to express their preference for the kind of wastewater system they believe best meets the needs of the community.

We hope the following analysis is helpful in your decision process for the upcoming vote.

Sincerely,

(individual signatures)

Key abbreviations commonly used

AFY Acre feet per year (1 AFY =

BIOLAC A proprietary name for an extended aeration treatment system using earthen-lined ditches rather than concrete

I/I Inflow (surface water runoff seeping into pipes) and Infiltration (water entering the collection pipes from groundwater); I/I directly impacts load on treatment system. Exfiltration, a related issue, occurs when the pipe leaks effluent into the ground.

STEP/ STEG Septic Tank Effluent collection systems. STEP includes a pump to transport effluent from the house to the tank near the street; STEG relies on gravity to transport effluent to the tank (no pump necessary).

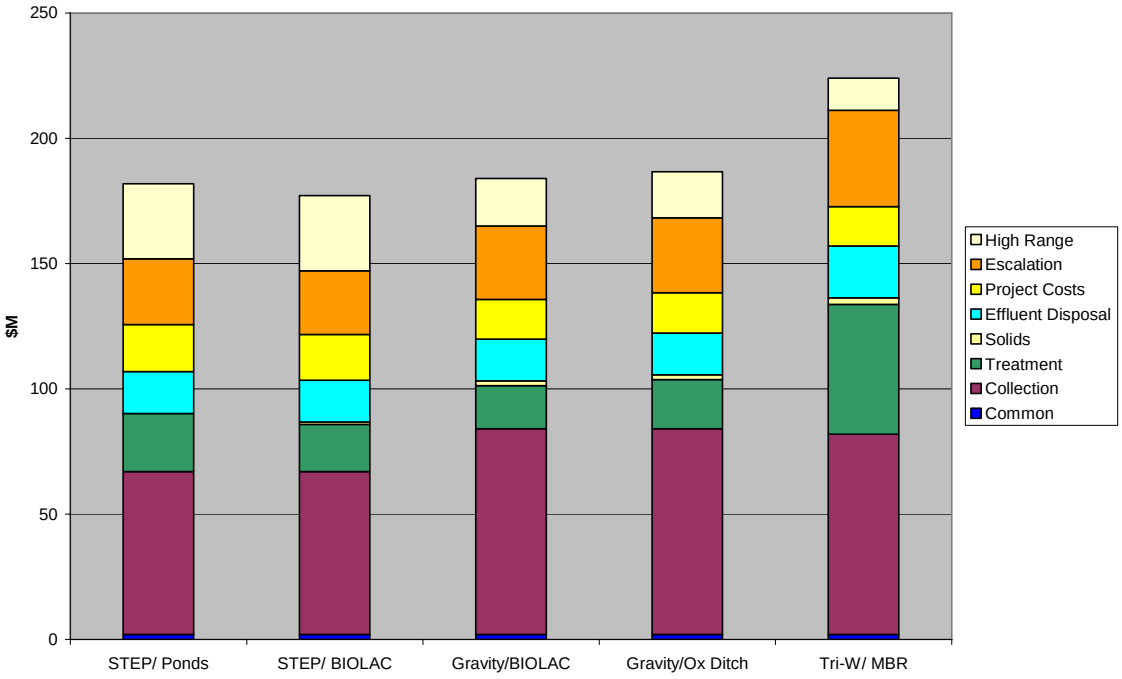
SWI Seawater Intrusion (saltwater intruding into the lower groundwater basin)

WW Wastewater

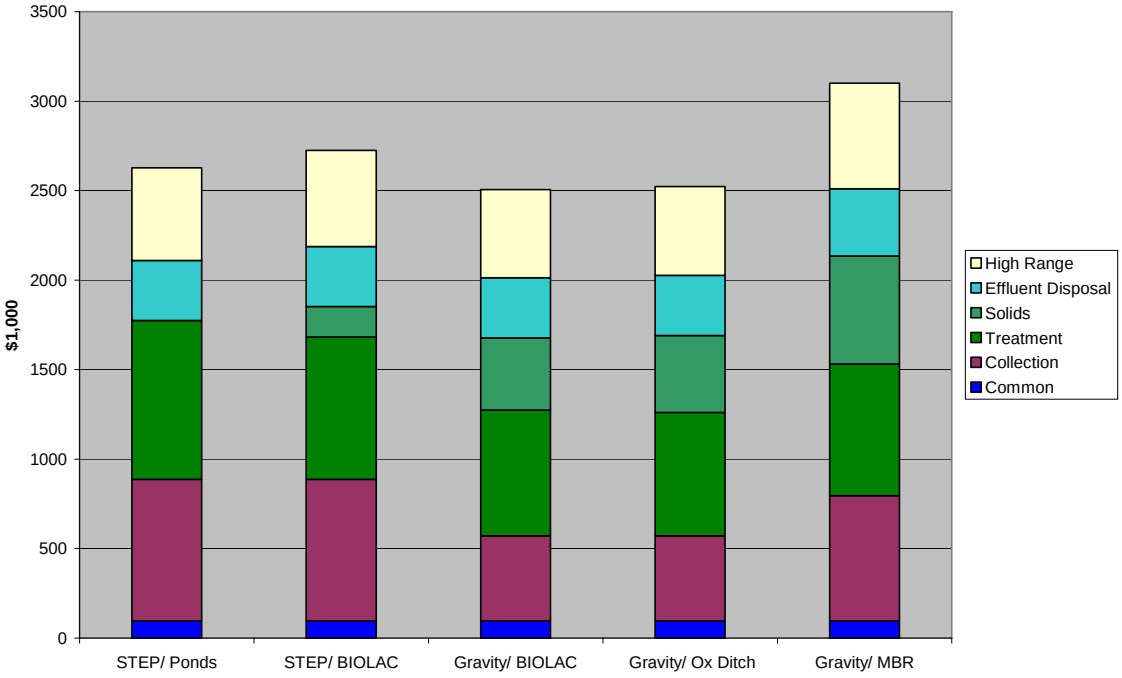
Finance Working Group Estimated Costs

8/28/2007

CAPITAL COST COMPARISON



ANNUAL O&M COMPARISON



Note:

- These Cost estimates are from the County financial model, soon to be released to the public.

CAPITAL COST COMPARISON OF SAMPLE PROJECTS

Draft 8/25/07

Project Components	Project A STEP/ Ponds	Project B STEP/ BIOLAC	Project C Gravity/ BIOLAC	Project D Gravity/ Ox Ditch	Project E Gravity/ MBR
Collection (1)	$ 65M - $ 81M	$ 65M - $ 81M	$ 83M - $ 91M	$ 83M - $ 91M	$ 81M - $ 82M (5)
Treatment (1) (3)	$ 25M - $ 31M (2)	$ 24M - $ 26M (2)	$ 23M - $ 26M	$ 26M - $ 29M	$ 55M
Solids (1)	-0-	$ 1M - $ 2M	$ 2M - $ 3M	$ 2M - $ 3M (4)	Included
Effluent Reuse/ Disposal (1) (6)	$ 15M - $ 17M	$ 15M - $17M	$ 15M - $ 17M	$ 15M - $ 17M	$ 20M - $ 23M
Permitting/ Litigation	$ 1M - $ 2M	$ 1M - $ 2M	$ 1M - $ 2M	$ 1M - $ 2M	$ 1M - $ 2M
Total Construction Costs (1)	$106M - $131M	$ 106M - $128M	$124M - $139M	$127M - $142M	$157M - $162M
Escalation to Mid-Point (6/2011)	**$132M - $163M**	**$132M - $159M**	**$154M - $173M**	**$158M - $177M**	**$195M - $202M**
Project Costs	$ 18M - $ 24M	$ 18M - $ 24M	$ 16M - $ 21M	$ 16M - $ 21M	$ 12M - $ 17M
Treatment Facility Site	$ 1M - $ 3M	$ 1M - $ 3M	$ 1M - $ 3M	$ 1M - $ 3M	Value ~ $3M
Total Project Costs	**$151M - $190M**	**$151M - $186M**	**$171M - $197M**	**$175M - $201M**	**$210M - $222M**

NOTE: Differences in Treatment costs between this comparison and Fine Screen Table 7.4 are based on detail for various treatments in Table 4.19, with 15% overhead and profit, and 8% tax included.

(1) Includes 15% overhead and profit, and 8% tax on materials.

(2) Treatment costs associated with STEP/ STEG include full nitrification and denitrification.

(3) High range includes cost of Belt Filter Press for dewatering solids.

(4) Due to a higher production of solids for Ox Ditch (4,100 #/day) compared to BIOLAC (3,500 #/day), we would expect the thickening and dewatering, and hauling of solids to be approximately 17% higher for Ox Ditch.

(5) Collection costs for Tri-W were based on Gravity collection system for other projects, less cost of conveyance out of town. Includes 15% overhead and profit, and 8% tax on conveyance out of town.

(6) Does *not* include land value of Broderson.

COST COMPARISON OF ANNUAL O&M FOR SAMPLE PROJECTS (1)

PROJECT COMPONENTS (kWh/yr)	COLLECTION	TREATMENT	SOLIDS Disposal (3)	EFFLUENT REUSE/ DISPOSAL	TOTAL PROJECT ANNUAL O&M
Project A: STEP, Ponds (.6M)	$900k	$900 - $1,100k	$30 - $40k	$400 - $500k	**$2.2 - $2.5M**
Project B: STEP, BIOLAC (.8M)	$900k	$900 - $1,100k	$200 - $400k	$400 - $500k	**$2.4 - $2.8M**
Project C: Gravity, BIOLAC (1.1M)	$500k	$800 - $900k	$500 - $700k	$400 - $500k	**$2.2 - $2.6M**
Project D: Gravity, Ox Ditch (.9M)	$500k	$800 - $900k	$500 - $700k **(4)**	$400 - $500k	**$2.2 - $2.6M**
Project E: Tri-W, MBR (1.3M – 2.1M)	$800k	$1,300k	(Included)	$400 - $600k + Misc. $400k	**$2.9 - $3.1M**

(1) Costs include 2.5% escalation per year (10.4%) for inflation.

FORMAL NOTIFICATION

OF EXEMPTION

FROM ASSESSMENT(S)

Mr. and/or Ms._____ **(OWNER / OPERATOR)**

Address: _____ Phone: _____

Mailing Address, City/State/Zip: _____

Legal Description of **(CITIZEN(S))** Property: _____

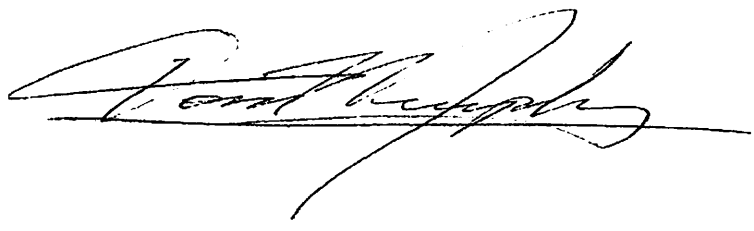
_____ **(SOURCE)**

I,_____, a Professional Engineer (P.E.) registered in the State of California, do hereby certify that the above named **OWNER / OPERATOR** of the above described **SOURCE** has entered into an agreement with **AES Central Coast Discharge Elimination Company, LLC (AES)** for service **(SERVICE)** to eliminate the discharge of pollutants of the **OWNER / OPERATOR** at the point source discharge of such **SOURCE.** The above named **OWNER / OPERATOR** shall be EXEMPT from any justifiable and/or legal requirement to participate in any financial or economical assistance in the providing of a publicly owned treatment works, i.e. communitywide sewer collection system, because:

- **OWNER / OPERATOR** has entered into an agreement with AES for discharge elimination service.
- **OWNER / OPERATOR** shall reserve their right to 100% consumptive use of their water.
- **OWNER / OPERATOR** shall reserve their right to reclaim and repurify their water for their own beneficial recycle and reuse applications.
- **OWNER / OPERATOR** shall reserve their right to eliminate their discharge of pollutants at their source to eliminate sewage flow under provisions as provided under the U. S. Code, Title 33, and Chapter 26.
- **OWNER / OPERATOR** further claims exemption available under AB885 § 22947. SWRCB along with all other authority available to them under California Water Code to have the right to 100% consumptive use of their water.
- The reclaimed/repurified water of the **OWNER / OPERATOR** is a valuable resource as defined in California Water Code, and, as personal property of a citizen, would justify/require fair and just compensation upon it being acquired by any third party.
- **OWNER / OPERATOR** has eliminated his point source discharge of pollutants at the source and therefore is not legally required to 1) participate in paying for a publicly owned treatment works, or 2) obligated to connect to such a publicly owned treatment works as their source has no discharge of pollutants.

AES SERVICE AGREEMENT ACKNOWLEDGEMENT:

CALIFORNIA REGISTERED PROFESSIONAL ENGINEER SEAL:



_____

Its: Founder

Submitted by
Mark Low
8/28/07

Mail to: San Luis Obispo County
County Recorder
1050 Monterey St.
San Luis Obispo, CA 93408

OR via email:
vshelby@co.slo.ca.us

Partnerships for Federal Law Compliant Alternative Water Source Demonstration Project (AWSDP)

AWSDP Agreement between the

AES Central Coast Discharge Elimination Company, LLC (AES)

And

Mr. and/or Ms._____ **(PARTNER(s))**

Address: _____ Phone: _____

AES, having address at 1345 Las Encinas Dr., Los Osos, CA., Administrator of Alternative Water Source Demonstration Project (Demonstration Project) and **PARTNER(S)** share an understanding of the importance of providing a legally compliant, cost-effectiveness area-wide waste management (discharge elimination) solution to serve Los Osos Community Service District / Prohibition Zone that is in the public interest which would be the most economical, most efficient and effective alternative that will provide for the greatest benefits to the environment, its water resource, remediation of polluted aquifers and cease all discharge of all pollutants to such aquifers and into the Morro Bay Estuary. It is further the purpose of **AES** and **PARTNER(S)** to rally the support of the Demonstration Project from the Los Osos Community Service District, San Luis Obispo County and the State to gain their assistance in acquiring the federal grant assistance available for the Demonstration Project as provided for in the U. S. Code, Title 33, Chapter 26 for such project utilizing such best available demonstrated control (discharge elimination) technology alternative. Therefore, **AES** and **PARTNER(S)** are establishing a collaborative partnership to ensure that the Citizens of Los Osos and within the Prohibition Zone are aware of the **AWSDP** and the advantages it will bring to the Community as a whole.

In particular, **AES** and **PARTNER(S)** will collaborate to achieve the following goals designed to help ensure that the Citizens of Los Osos the Los Osos Community Service District, San Luis Obispo County and the State understand their legal rights and responsibilities under the Federal Law of the United States, specifically U. S. Code, Title 33, Chapter 26:

- **Develop and disseminate information through print, electronic media, including any other means available to PARTNER(S) to inform to the best of their abilities to the above mentioned the benefits and advantages of the proposed Demonstration Project.**

Therefore, **PARTNER(S)** desires to purchase _____ ownership share(s) of **AES** at a purchase price of $200.00 (two hundred dollars) per share. The total purchase amount shall be paid back to **PARTNER(S)** plus a 100% return upon completion of installation of Demonstration Project (estimated at 2 years).

Additionally, **PARTNER(S)** shall receive minimum ongoing annual revenue of $15.00 (based on appropriate percentage of net profits from monthly user fees) per share purchased upon completion of installation of Demonstration Project as per following **examples**:

Purchase Amount	Shares / Ownership %	Return (in 2 years)	Minimum Annual Income
$1,000.00	5 / .005%	$2,000.00	$75.00
$15,000.00	75 / .075%	$30,000.00	$1,125.00
$50,000.00	250 / .25%	$100,000.00	$3,750.00
$500,000.00	2,500 / 2.5%	$1,000,000.00	$37,500.00
$1,000,000.00	5,000 / 5.0%	$2,000,000.00	$75,000.00
$5,000,000.00	25,000 / 25%	$10,000,000.00	$375,000.00

PARTNER(S) shall be indemnified of any and all liabilities which may be incurred by **AES**.

The hereunder signed do agree to the above terms and conditions:

AES **PARTNER(S)**

Submitted by Mark Low 8/28/07

_____ _____ _____ _____

Its: Date Date