



Los Osos Wastewater Project

SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Noel King, Department Director
Paavo Ogren, Project Director



Pursuing Affordability

Mitigating the financial impacts on the community of Los Osos is a high priority in the County's efforts working on a community wastewater project. Undoubtedly, it has been the project's greatest challenge since the wastewater project requirement was established in 1983. Numerous other project challenges also exist, including some of the following:

- Environmental and archeological impacts.
- The need to develop sustainable approaches to energy and water quality.
- The need to provide a foundation for solving the community's long term water supply needs through groundwater management and collaborative efforts with the community's water purveyors.
- The need to address sludge (solids) disposal, which may be minimized through some technologies but exist under all project options.
- and more...

Resolving project challenges costs money. The five (5) components of the wastewater project evaluated in the County's "Draft Fine Screening Report" include the following:

- Collection system options
- Treatment technology options
- Treatment site options
- Solids management / solids handling options
- Disposal/reuse (water supply management) options

The Draft report is available for public review – please see the sidebar for more information on how to obtain copies and provide public comments. The report is very technical in nature and will be presented on Tuesday June 19th at a town hall meeting Los Osos Middle School. Public comments will be reviewed by both the project's Technical Advisory Committee (TAC) and the County's project team prior to finalizing the report and reviewing the community options with the Board of Supervisors.

All of the wastewater project options, however, continue to be costly. With approximately 45 miles of piping that must be constructed, and all of the other needed facilities and requirements associated with capital projects, there are no project options that combine to create an affordable project under guidelines established by the Environmental Protection Agency (see later pages of this brochure). As a result, the County's efforts working on affordability issues include identifying grant programs and loan financing that help reduce monthly costs.

In the coming months, prior to the Proposition 218 assessment vote later this year, our project team will be reviewing these financial efforts with the community. We will introduce some of our efforts at the town hall meeting on June 19th. This brochure also provides some highlights. Now that we have made substantial progress in our engineering efforts, including cost estimates, and released our draft report, we are starting our fiscal analysis. We hope that you will also be interested in our work involving these financial efforts and that your feedback and input will continue to be submitted to our project website or via the postal service.

Sincerely,



Paavo Ogren, Project Director

What About an Affordability Study?

An affordability study is an important tool that may help pursue grants in two ways. An affordability study can help document the need for grant funding. Affordability studies may also be required in order to obtain certain types of grants. It is important to understand, however, that affordability studies are not very useful in trying to convince state and federal regulatory agencies that a project is unaffordable and therefore should not have to be built when those agencies have health and safety directives that they are obligated to enforce under existing state and federal laws.

For Los Osos, the information contained in this brochure reflects affordability information developed by the Project Team for meetings with state and federal legislators and other officials. The information, although not a detailed study, illustrates the need for grants and did provide the proof that grants are needed. Undoubtedly, more efforts are needed and some efforts will not succeed. Nevertheless, we will continue with diligence in pursuing grants. In other words, the affordability analysis we have prepared "has done its job." We recognize, though, that the job is still far from finished.

As we move forward, specific affordability studies may be needed to obtain certain grants. Since funding agencies have unique requirements for implementing an affordability study (type of questions, who conducts survey, door to door vs. mail-in, etc), the County will provide additional information to the community explaining those efforts when they are needed.

"Evaluating Affordability"

There are numerous ways to evaluate the affordability of a wastewater project. The most common method used by many funding agencies is the evaluation of the Median Household Income (MHI) for a community. The MHI is a U.S. Census figure which is collected every ten years. This figure is achieved by dividing the income distribution of an area into two equal groups. In Los Osos, the 2000 Census MHI for is \$46,558. This means that in 2000 50% of the households had an income higher than \$46,558 and 50% had an income lower than \$46,558. Some of the Census Tracts (neighborhoods) within Los Osos have higher incomes, and some have lower incomes.

Many state and federal funding agencies have guidelines for evaluating affordability (see sidebar). In all cases, the costs of complying with the regulatory mandate for the Los Osos wastewater project exceed affordability standards. The community is, however, not considered a "disadvantaged community" based on the Median Household Income (MHI), which creates an additional challenge in pursuing grants. Therefore we have been arguing that "the cost of complying with regulatory mandates in comparison to affordability criteria" is the most important evidence that shows the need for grants, and not the MHI as traditionally used in grant programs. It also means that we need to target grant revenues, when possible, to the disadvantaged (low income) households in the community. As we proceed, we will develop grant models unique for Los Osos to help those with the greatest need while also pursuing grants that benefit everyone by reducing overall project costs.

Affordability Guidelines

Numerous studies have been prepared as "guidelines" to affordability. The following is a list of some of those studies:

- Water Utility Financing Study (1980)
- Multiple Sector Study (1988)
- Rural Development Administration (Grant Eligibility)
- Department of Housing and Urban Development
- National Consumer Law Center "The Poor and the Elderly - Drowning in the High Cost of Water" (circa 1991)
- EPA Economic Guidance for Water Quality Standards (WQS) Workbook (draft)
- EPA Municipality's Ability-to-Pay (MABEL) (1990)

<http://www.epa.gov/safewater/smallsys/affapp-e.htm>

Draft Fine Screening Report

Copies will be available to purchase at:

- Public Works Department Office, Government Center, Room 207

Copies available to view at the following locations:

- Public Works Department Office, Government Center, Room 207
- Los Osos CSD Office 2122 9th Street
- Los Osos Library 2075 Palisades Ave.
- Project Website www.slocounty.ca.gov/PW/LOWWP.htm

Written Public Comments may be submitted at:

- TAC meetings
- San Luis Obispo County Public Works Department Room 207 County Government Center San Luis Obispo, CA 93408
- LOWWP@co.slo.ca.us

Email Project Comments: <http://www.slocounty.ca.gov/PW/LOWWP.htm>

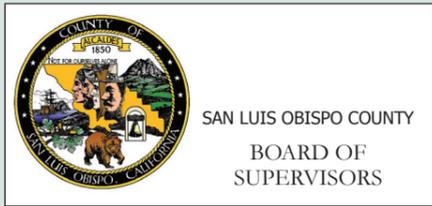
Pursuing Federal Grants

Numerous organizations have sent in letters of support for federal funding.



On April 12, 2007 Congresswoman Lois Capps hosted Congressman Peter Visclosky (Indiana) who is the Chairman of the Energy and Water Appropriations Subcommittee of the U.S. House of Representatives.

(In photo left to right: Assemblyman Sam Blakeslee, Supervisor Bruce Gibson, Congresswoman Lois Capps, and Congressman Peter Visclosky)



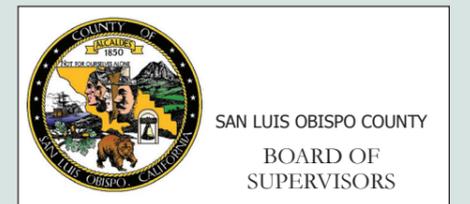
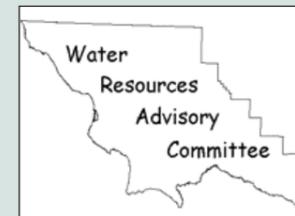
On behalf of the Community, the County of San Luis Obispo appreciates support from other public agencies and organizations in our efforts to obtain grants for Los Osos.

Is your organization supporting efforts to obtain State and Federal grants for Los Osos?

Call John Diodati: (805) 788-2832 for more information on providing letters of support, or if you would like a County representative to make a presentation to your organization or association on the County's wastewater project efforts.

Pursuing State Grants

Numerous public agencies on the Central Coast support Los Osos grant efforts.



Question:

Has the County shown any success in their efforts to obtain Federal Grants?

Answer:

Yes. After County Supervisors Bruce Gibson and Harry Ovitt travelled to Washington D.C. to express the needs for Los Osos, Congresswoman Lois Capps hosted Congressman Peter Visclosky (Indiana), who is the Chairman of the Energy and Water Appropriations Subcommittee of the U.S. House of Representatives, during a tour of Los Osos on April 12, 2007. The following week the House of Representatives approved HR 1495 which authorized \$35 million for Los Osos—the first step required before an appropriation (actual money) can be approved in the Federal budget. We appreciate the efforts of Congresswoman Capps, who was supported in a bipartisan manner through a positive voting from Congressman Kevin McCarthy (who also represents portions of San Luis Obispo County). The County will continue working with Congresswoman Capps and other Congressional representatives while the County pursues Federal funding for Los Osos.

Question:

Has the County shown any success in their efforts to obtain State Grants?

Answer:

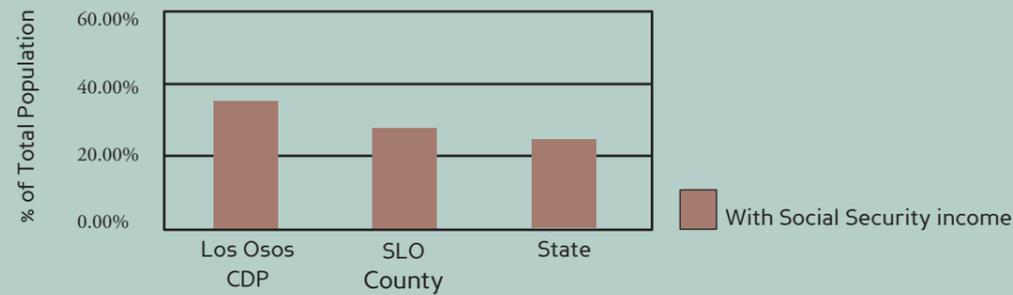
Yes. The County has recently obtained support from Coastal Counties and other agencies in pursuing State funding from the State Water Board. The Integrated Regional Water Management grants that were approved through Prop 50 by California voters were part of hearings conducted by the State Water Board in February and March 2007. In the February hearing, Supervisor Bruce Gibson and County Staff presented the County's efforts to develop a solution for the Los Osos Wastewater Project. At that time, the State Water Board deferred their action to their March hearing. Between February and March, the County obtained support for their efforts from the other Coastal agencies which contributed to the State Water Board decision in March to approve actions different from their staff's original recommendations. The State Water Board approved actions and comments clearly recognizing the needs of Los Osos and their support of County efforts while putting the County in a very competitive position to obtain grants if the Los Osos Prop 218 vote later this year is successful.

Targeting Grants for Disadvantaged Persons

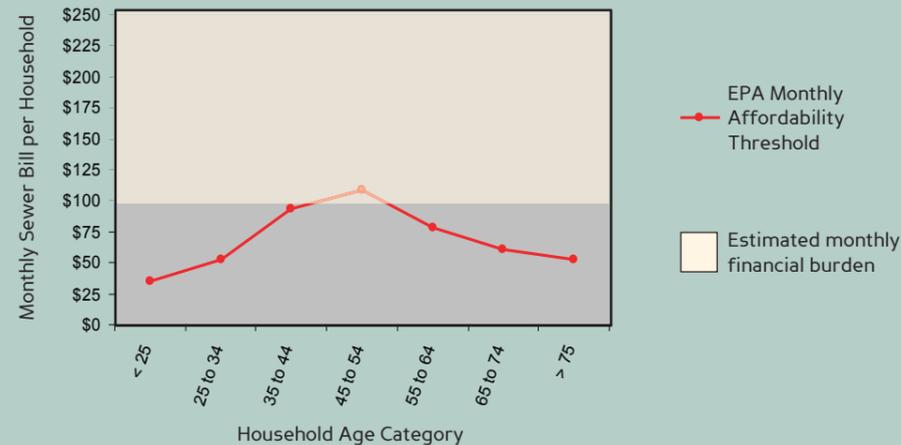
Based on 2000 census:

- 43% of the households are over the age of 55
- 33% of households in Los Osos receive Social Security Income as compared to 22% in State
- Median Household Income (MHI) for households above age 55 is low
- Projected monthly household costs exceed EPA's MHI affordability threshold

% of Population with Social Security Income



Los Osos Affordability
EPA Affordability by 2000 Census Household Age Category



Los Osos Affordability
2000 Census MHI by Household Age Category



Facility Grants and Grants for Disadvantaged Households

There are essentially two categories of grants that the County of San Luis Obispo is pursuing with state and federal agencies to reduce the financial burden to the community. The first type of grant helps to pay for the cost of facilities. The second type helps to pay the costs incurred by disadvantaged (low income) individuals.

Facility Grants

Approval in the 2007 Water Resources Development Act (WRDA) by the United States House of Representatives of a \$35 million authorization for the Los Osos wastewater project is an example of federal assistance that would pay for the cost of facilities. The Los Osos wastewater project was included in HR 1495 thanks to Congresswomen Lois Capps, and approved on April 19, 2007 on a vote of 394-25. Approval of HR 1495 was the first step in formal federal actions, with several that must follow. On May 10, 2007, the United States Senate acted on S.1248, which is their version of the WRDA, on a favorable vote of 89-7. Currently, the Senate and House are in a "reconciliation process" that will result in a single bill that will be submitted to the President. Once "authorizations" are approved, funding in the federal budget will need to be established, which can occur over multiple years.

As project development moves forward, more grant opportunities will be identified and pursued that may help with water conservation efforts, groundwater management, water quality and other facilities.

Targeting Grants for Disadvantaged (low income) Households

In addition to facility grants, other grant programs can help reduce costs to those individuals who will be most heavily impacted by project development. Current efforts to pursue Proposition 50 and 84 "Integrated Regional Water Management" grants are targeted for disadvantaged individuals. Supervisory Bruce Gibson and County staff presented materials at the State Water Board hearing in February 2007 illustrating the need for the grant and our intent to develop a grant program to help low income households. Another source of grants for disadvantaged households is the Community Development Block Grant Program. The County has identified two key factors which comprise a good assistance program:

1. Tiered Assistance Structure – Good grant programs tier the amount of grant receivable by the household's amount of financial need. Common tiers include age, income and/or family size. The County envisions a program where all multiple tiers determine the amount of assistance received by a household.
2. Sustainability – In order to maximize grant funds, a good program has mechanisms in place to generate additional funds. Interest earned on the unused portion of the grant is a good example. In Los Osos, the County envisions developing grant agreements which may require the amount of the grant received by the household to be repaid if the owner transfers title of the home or sells it. This accomplished two things: 1) after the benefit to the disadvantaged household is over, the grant money returns to the program for the benefit of another disadvantaged household and 2) it ensures that the new homeowner, if they are not disadvantaged, do not benefit from the grant program.

Pursuing Federal Grants



John Diodati

Administrative Services
Officer II
San Luis Obispo County
Department of Public Works
2006–present

Previously,
Rural Development Manager,
USDA Rural Development

MBA,
Cal Poly State University

Pursuing State Grants



Courtney Howard, P.E.

Water Resources Engineer
San Luis Obispo County
Department of Public Works
2001 – Present

Six years professional
experience with
water resources planning and
project management for San
Luis Obispo County

CA Civil Engineering License
#65917

Environmental Engineering
B.S.
Cal Poly State University

Department of Public Works
 Room 207
 County Government Center
 San Luis Obispo, CA 93408

Presorted Standard
 US Postage
 PAID
 Permit 163 AMS
 Paso Robles, CA

Office Hours

Bruce Gibson
 Supervisor, District 2
 San Luis Obispo County
 Board of Supervisors



Los Osos Office Hours:
 2nd & 4th Thursdays
 4-5 pm
 Sea Pines Lodge
 1945 Solano Street, Los Osos
 (Subject to change)

Legislative Assistant
 Contact: Cherie Aispuro
 (805) 781-5450

Technical Advisory Committee

Bill Garfinkel, Chair



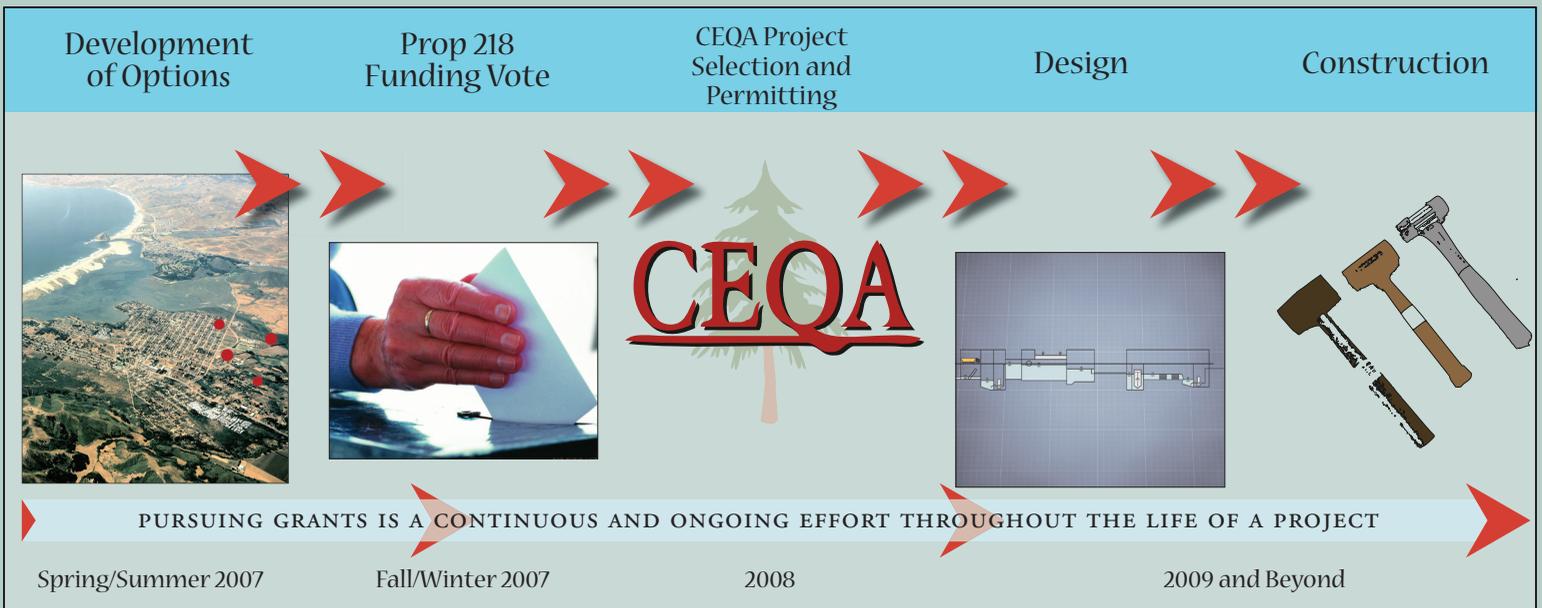
The TAC will be meet-
 ing at the South Bay
 Community Center
 most Mondays through the end of July.
 They are conducting a Pro/Con analysis of the
 community options for a wastewater project.

Please check the project website (see right) for
 the TAC calendar; or call Cherie Aispuro.

Website Access to Board Items

Tuesday Meetings of the
 Board of Supervisors:
 2:05 Public Comment on the project
www.slocounty.ca.gov

Project Website:
<http://www.slocounty.ca.gov/PW/LOWWP.htm>



Email Project Comments: <http://www.slocounty.ca.gov/PW/LOWWP.htm>