

Los Osos Wastewater Project Town Hall Meeting

San Luis Obispo County
Department of Public Works
November 29, 2010



Summary

- Project Update
 - Final Project Description
 - Next Steps

 - Service Charges – Will Clemens
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Environmental Approvals

- ☑ Certified Environmental Impact Report
 - Co-Equal Analysis of Multiple Alternatives
 - One Significant Environmental Impact
- ☑ Final Coastal Development Permit
 - Unanimous (11-0) Approval from California Coastal Commission

Funding Approvals

- Prop. 218 Property Assessments
 - Approved \$127 Million
- Secured Federal Stimulus Funds Through USDA
 - \$4M grant, \$83M loan – 40 yr @ 3¼%
- Service Charges – Pending
- SRF Loan – Pending
- Undeveloped Property Assessments – Pending

Project Description

- Treatment Plant located at Giacomazzi site
 - Behind Los Osos Cemetery
 - 1/3 mile from LOVR and Clark Valley Road
- Tertiary Recycled Water per Title 22
 - Biologically removes bacteria and nitrogen
 - Filtration
 - Ultraviolet disinfection

Project Description

- Sealed Gravity Collection System
 - Similar to 2005 LOCSD system
 - Laterals at same location
 - Coordinate with property owners for on-lot work

Project Description

- Recycled Water Reuse of 100% of Treated Wastewater
 - Urban irrigation allowed at schools, parks, cemeteries, and golf courses
 - Agricultural irrigation allowed on all food crops
 - Percolation to groundwater basin at leachfields

Project Description

➤ Water Conservation Program

- Reduce indoor demand by over 25% to goal of 50 gal/person/day average
- Up to \$5M budget to achieve goal
- Program will include:
 - Retrofit toilets and faucets
 - Other Best Management Practices
 - Long-term program measures

Next Steps

➤ Financial

- Service Charges – Prop. 218 Process
- Secure Remaining Financing
- Adopt Due Diligence resolution

Next Steps

➤ Design and Construction

- Collection System design, bids and contracts
- Treatment Facility design-build competition

Next Steps

➤ Other Issues

- Groundwater Basin Management Plan
 - ISJ process under Court jurisdiction
 - Draft Plan expected Spring 2011
- Habitat Conservation Plan
- Establish assessments or fees on vacant properties

Next Steps

➤ Key Dates to Remember

- Start construction: Fall 2011
- Complete construction: Fall 2014
- On-lot connections: after Fall 2014
- Service Charges: after Fall 2014

Sewer Service Charges

➤ Will Clemens



Project Debt Estimate

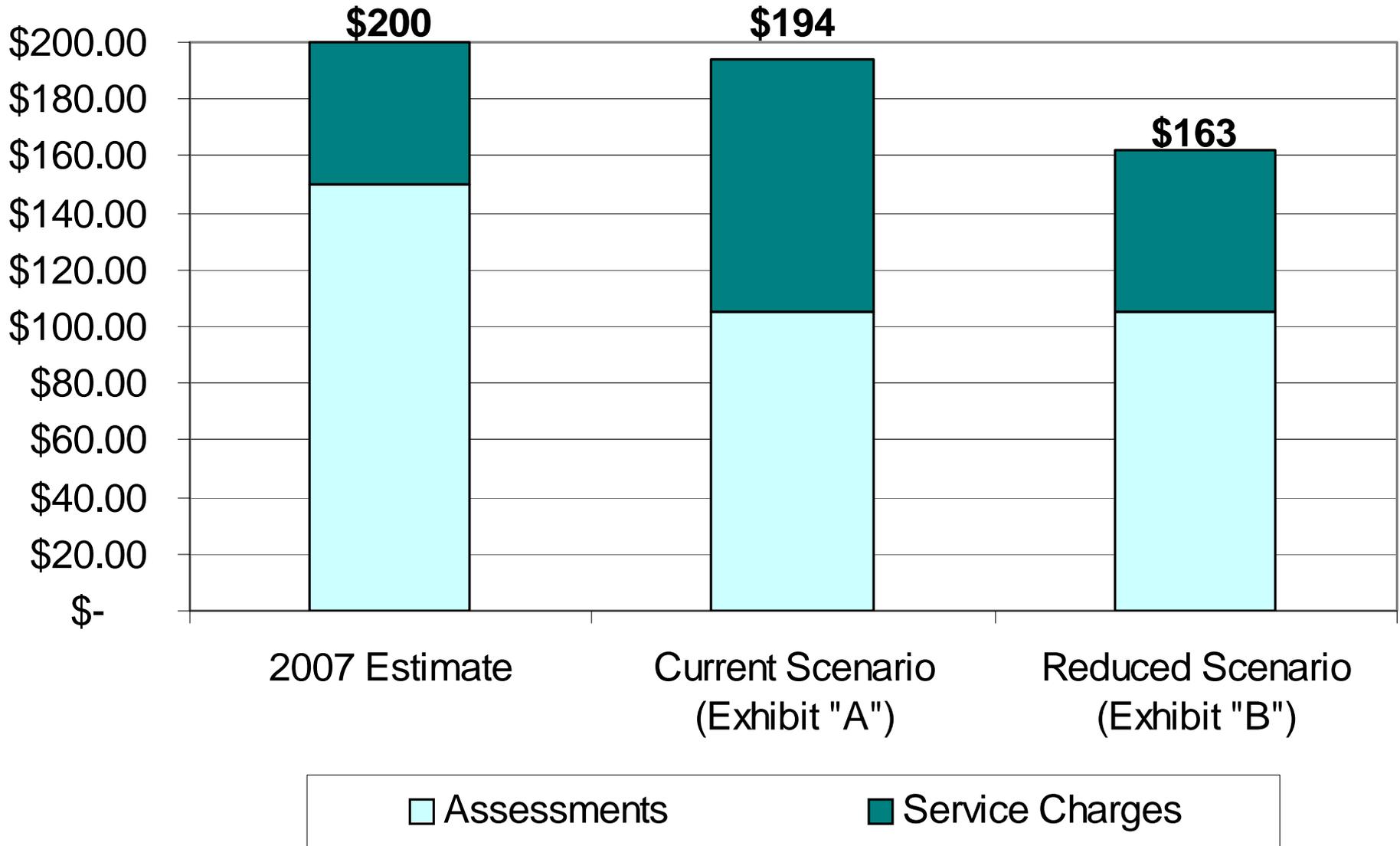
Project Costs	\$166.0 Million
Financing:	
LOCSD SRF Repayment	\$6.5 Million
Const. Period Interest	\$1.1 Million
Less USDA Grant	(\$4.1 Million)
Total Debt	<u>\$169.5 Million</u>

Project Debt Funding

	Debt Funding	Repaid by Assessments	Repaid by Rates
USDA Loan	\$83.1 M	\$83.1 M	
SRF Loan	\$86.4 M	\$43.6 M	\$42.8 M
<u>Total</u>	<u>\$169.5 M</u>	<u>\$126.7 M</u>	<u>\$42.8 M</u>

Los Osos Wastewater Project

Average Monthly Cost Estimates for Single Family Residence



Who Pays?

- **The County will bill the Property Owners for both Assessments and Rates and Charges**

When Does Payment Begin?

- **Assessments are anticipated to begin in tax year 2011/2012**
- **Prepayment Period in 2011**
- **Rates and Charges will begin after system is operational (estimated 2014)**

Rates and Charges Process

- **BOS Introduced ordinance 10/26/10**
- **Minimum 45 day protest period**
- **Notification mailed 10/29/10**
- **Brochure mailed 11/17/10**
- **Town-hall meeting (Tonight)**
- **Protest hearing to adopt Rate Ordinance 12/14/10**

What if a Majority Protest?

- **Project can't be funded**
- **BOS will have a decision to make**
 - **Attempt the rates and charges protest process again with a different rate structure**
 - **May influence BOS determination to proceed with project**

Why Adopt Rates Now?

- **Project feasibility consideration**
- **Funding agencies require it**
- **Required for interim funding**
- **Although rates need to be adopted now, rates not effective until system is operational (2014)**

What do Rates Cover?

- **Operation, Maintenance and Replacement (\$2.58 M annually)**
- **Debt Service on costs not secured through assessments / grants (\$3.16 M annually)**
- **Total estimate of annual revenue requirements (\$5.74 M annually)**

How Much Needed?

Variable OM&R	\$565,000
Fixed OM&R	\$1,805,000
Capital Replacement Fund	<u>\$206,300</u>
Sub total OM&R	\$2,576,300
Loan Repayment	\$2,877,734
Debt Reserve	<u>\$287,773</u>
Sub total Debt Service	\$3,165,507
Total Annual Requirements	<u>\$5,741,807</u>

Rate Structure

<u>Monthly</u>	<u>Single</u> <u>Family</u>	<u>Multi</u> <u>Family</u>	<u>Mobile</u> <u>Homes</u>	<u>Non</u> <u>Residential</u>
Min. Charge	\$48.85	\$36.64	\$24.44	\$61.13

Plus \$7.54 per unit (748 gallons)

With additional funding from undeveloped properties rates drop to:

Min. Charge	\$17.19	\$12.90	\$8.60	\$21.51
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Plus \$7.54 per unit (748 gallons)

How is Residential Volume Charge Calculated?

- **First, determine the actual metered water consumption in units (1 CCF or 748 gal.) for the period that most closely covers January and February**
- **Second, annualize that amount**
- **Third, multiply by \$7.54 per unit**

Rate Calculation Example

- Single Family Residence with two month water billing.
 - Meter read January 15 and March 15
 - January 15 meter read is 385 units
 - March 15 meter read is 395 units
 - 10 units for the period
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- The background of the slide features several faint, concentric circular ripples in a lighter shade of blue, resembling water droplets or ripples on a pond, positioned in the lower right and bottom center areas.

Rate Calculation Example Continued

- Annual Minimum Charge = \$586.20
- Annual Volume Charge =
 - $\$7.54 \times 10 \text{ units} \times 6 = \452.40
- Total Annual Charge = \$1,038.60
- Monthly equivalent = \$86.55

Summary

- Rates not effective until operational (2014)
- Undeveloped properties will pay fair share of capital costs through either connection fees or assessments before they develop
- Rates will drop automatically when assessments/fees on undeveloped properties are approved for collection
- Rate structure includes a minimum charge to cover debt service and a volume charge to cover O&M

Questions and Answers

