Los Osos

Wastewater Project

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TOWN HALL MEETING
(SEE BACK PAGE)

Project Update
November 2010

County of San Luis Obispo
Department of Public Works
Paavo Ogren, Director

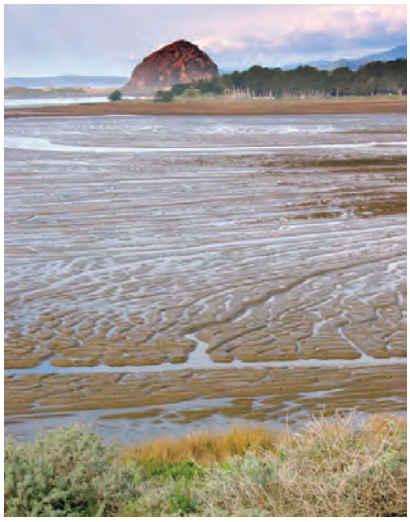
Website
http://www.slocounty.ca.gov/PW/LOWWP.htm

Project Summary

Milestones

June 2006: First County hearing on Project to support special legislation and establish Project strategies
Sept 2006: AB 2701 approved by Governor
Jan 2007: County formally begins work
Aug 2007: Complete engineering alternatives reports
Aug 2007: Technical Advisory Committee completes pro/con analysis
Dec 2007: 80% yes vote on Prop. 218 process establishes $127M in assessments
Sept 2008: STEP tank aerial photo survey
Nov 2008: Draft EIR with co-equal alternatives analysis released for public comment
Mar 2009: Community advisory survey on Project preferences
Aug 2009: County Planning Commission approves Project after 10 public hearings
Sept 2009: Board of Supervisors approves Project
June 2010: On a unanimous 11-0 vote, Coastal Commission approves the Project
Sept 2010: USDA announces $87M in Project funding, with a $4M grant and an $83M low (3.25%) interest loan for a 40 year term
Dec 2010: Public hearing under Prop. 218 to establish service charges

Status Update



With the approval of the Project by the California Coastal Commission in June, and $87+ million of construction funding by the United States Department of Agriculture (USDA) in August, the County is poised to complete design and initiate construction. The State Water Board's (SWB) approval of funding, and the resolution whereby the County formally takes responsibility for the Project, are also expected to be approved in the near future.

Before final SWB funding for design and construction can be obtained, the County must adopt an ordinance establishing wastewater service charges (also known as "rates and charges") as the next critical step for the Project.

In addition to establishing the service charges, there are numerous other tasks that must be pursued before Project construction starts in Fall, 2011. The following list is a summary of issues and milestones for the next year.

- Complete Project design
- Obtain interim financing
- Adopt the resolution accepting Project responsibility
- Obtain discharge permit from the Regional Water Quality Control Board (RWB) and **seek complete dismissal of Cease and Desist Orders (CDO's)**
- Obtain SWB funding approvals
- Satisfy Coastal Commission conditions required before construction
- Satisfy USDA conditions required before construction
- Complete low-bid competition and award the collection system construction contracts (planned August, 2011)

Construction of the collection system will begin first, before the treatment plant. The estimated construction time for the treatment plant (approximately 2 years) is shorter than the estimated construction time for the collection system (approximately 3 years). As a result, the treatment plant design-build procurement process will be restarted once final funding approvals are obtained.

Other Project Related Work

Recycled Wastewater

The Project will treat and reuse 100% of all wastewater collected. The Project's "tertiary" treated recycled water is legally approved for irrigation of parks, playfields, edible food crops and for percolating to the groundwater basin. The recycled water will be reused entirely within the Los Osos community. The following use and disposal locations are permitted for the Project.

- Schools, parks and golf course
- Cemetery
- Other urban irrigation (median strips, commercial landscaping)
- Farms and agriculture near Los Osos Creek
- Broderson and Bayridge Estates leachfields

Water Conservation

A water conservation program has been a key component of the project for many years. Conservation is important to addressing water supply issues and reducing flows and costs for collection, treatment, and reuse.

The Coastal Development Permit (CDP) sets a goal for indoor use of 50 gallons/person/day and a budget of up to $5 million for the conservation program. The program is still being developed. Previous conservation programs for Los Osos show that retrofit of toilets and bathroom fixtures should accomplish the major part of the conservation at minimal cost and disturbance. Rebates and incentives for measures such as water audits, efficient appliances, gray water systems, and "hot water-on-demand" fixtures are likely. Education for water and sewer users will also be critical to reaching and maintaining the conservation goal. More public information and outreach will follow as the overall project continues to move forward.

Resource Issues for Vacant Properties

Other County efforts are working in parallel with the wastewater Project to meet three milestones required by the CDP before new development on vacant lots can connect to the system:

1. The County Planning Dept. is currently developing a Habitat Conservation Plan (HCP) for sensitive species.
2. The County and local water purveyors are jointly developing a management plan for the water supply that addresses current and build-out demand.
3. The County Planning Dept. will update the Local Coastal Plan.

Project Costs and Financing

Project Cost Estimates

The Project – which includes collection, treatment and treated effluent disposal – is estimated to cost $166M. Private property "on-lot" costs are additional and will be different for each property owner depending on existing septic systems and landscaping

The Project will be financed largely through low interest loans provided by public agencies such as the USDA and the State Water Board. We continue to pursue additional grants to reduce the level of borrowing.

To date, we have received commitments for a $83M loan and $4M grant from the USDA. This loan will be repaid over 40 years at an interest rate of 3.25%.

We have applied for the balance of financing through the State Revolving Fund (SRF) program of the State Water Board. SRF loan terms will be finalized once the service charge ordinance has been established. We are also pursuing other grant opportunities through the State Water Board program and other avenues, such as Integrated Regional Water Management (IRWM) grants administered by the California Department of Water Resources.

The loans will be repaid with two sources of revenue collected from properties connected to the Project – **property assessments** and **service charges**.

Property Assessments

In 2007, owners of **developed properties** approved total assessments of $127M for construction of the Project. Owners can pay their assessment in a lump some (and a few already have). Most property owners will pay over time as part of their property tax bills, and we currently estimate that a single family home assessment will cost about $1,260 per year (equivalent to $105/month).

Undeveloped properties were not assessed in 2007, because their ability to develop and connect to the Project was not assured due to existing water and habitat issues. The County continues to work to resolve these issues. Existing Project strategies adopted by the Board of Supervisors includes establishing a $27M assessment (or equivalent connection fees) for vacant parcels before the Project is completed in 2014. When new development is possible, **vacant properties will pay their share of Project costs before development occurs.** The County efforts to pursue assessments on undeveloped properties is a costs sharing strategy to "mitigate affordability issues" (per AB 2701)

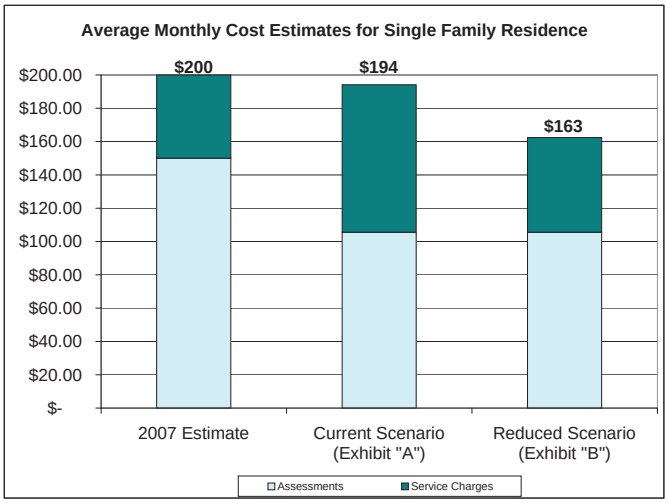
Service Charges

Wastewater service charges will cover the loan repayments (also called unsecured debt) not covered by property assessments. Service charges will also include an amount necessary to pay for the operation, maintenance and repair of Project facilities, including normal administrative and other costs.

Total Monthly Cost

The total wastewater system cost (assessments plus service charges) is shown in the bar graph. In 2007, we estimated that the average total household cost would be $200/month. Under the "current scenario" assumptions, we now estimate the average cost to be $194/month. When vacant properties are assessed, service charges will automatically drop and the "reduced scenario" average cost will be $163/month.

We should note that existing multi-family and mobile homes will have significantly lower costs than single family homes. For example, mobile homes would have total costs less than $100/month under either scenario.



Rates and Charges ("Service Charges")

The Service Charges Ordinance

The proposed service charges include a flat rate (minimum charge) and a variable portion based on the indoor water usage of each residence (which creates wastewater flows). The flat rate amount is related to construction loan repayment and the variable portion is related to operating costs. The variable component will allow residents who conserve water to reduce their service bills.

There are two rate structures in the service charges ordinance, listed as Exhibits "A" and "B."

- Exhibit "A" shows the initial rates needed to meet funding requirements under the current scenario.
- Exhibit "B" shows an automatic rate reduction that would occur when the Board of Supervisors has directed the collection of assessments or connection fees from undeveloped properties.
- **No service charges will actually be collected before the Project is operating in 2014.**

Protests

Property owners who are subject to the service charges and wish to protest the charges may mail or deliver their written protests to the County at County Clerk/ Recorder's Office, Attn: Clerk of the Board, 1055 Monterey St. Suite D120, San Luis Obispo, CA 93408 in a manner that ensures receipt by the County no later than the close of the public hearing on December 14, 2010. Property owners may also present or withdraw written protests at the hearing on December 14, 2010. The formal legal notice was mailed on October 29, 2010 and can be found on the Project website.

Service Charges Facts

- The California State Constitution specifies the procedures for approving an ordinance to establish the wastewater system service charges (Article XIII D, Prop. 218).
- Funding agencies require the adoption of the service charges ordinance now, before they will approve final funding.
- **State law does not allow the collection of service charges until the Project is operating; no sooner than 2014.**
- Establishing assessments or connection fees for undeveloped properties will trigger the automatic reduction in service charges.

Wastewater Service Charges (Monthly Equivalent)

Exhibit "A" Rates

Monthly Usage (Units)	Typical Occupants	Single Family	Multi Family	Mobile Home	Non-residential
0 (Min. Charge)		$48.85	$36.64	$24.44	$61.13
2	1	$63.93	$51.72	$39.52	$76.21
4	2	$79.01	$66.80	$54.60	$91.29
6	3	$94.09	$81.88	$69.68	$106.37
8	4	$109.17	$96.96	$84.76	$121.45
10	5	$124.25	$112.04	$99.84	$136.53
12	6	$139.33	$127.12	$114.92	$151.61

Exhibit "B" Rates

Monthly Usage (Units)	Typical Occupants	Single Family	Multi Family	Mobile Home	Non-residential
0 (Min. Charge)		$17.19	$12.90	$8.60	$21.51
2	1	$32.27	$27.98	$23.68	$36.59
4	2	$47.35	$43.06	$38.76	$51.67
6	3	$62.43	$58.14	$53.84	$66.75
8	4	$77.51	$73.22	$68.92	$81.83
10	5	$92.59	$88.30	$84.00	$96.91
12	6	$107.67	$103.38	$99.08	$111.99

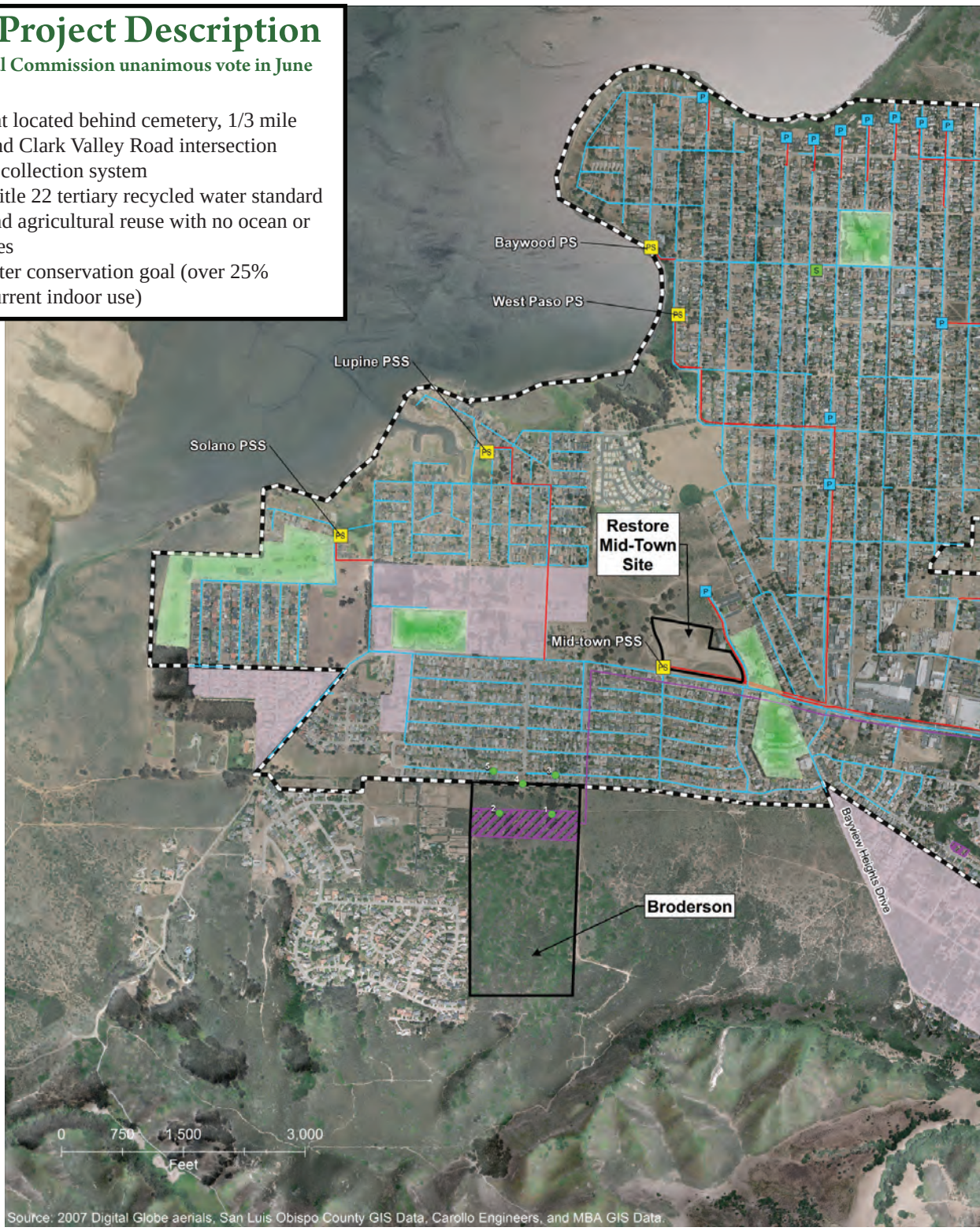
Note: one (1) unit = 748 gallons

Overall Project Site Plan

Summary Project Description

(Approved by Coastal Commission unanimous vote in June 2010)

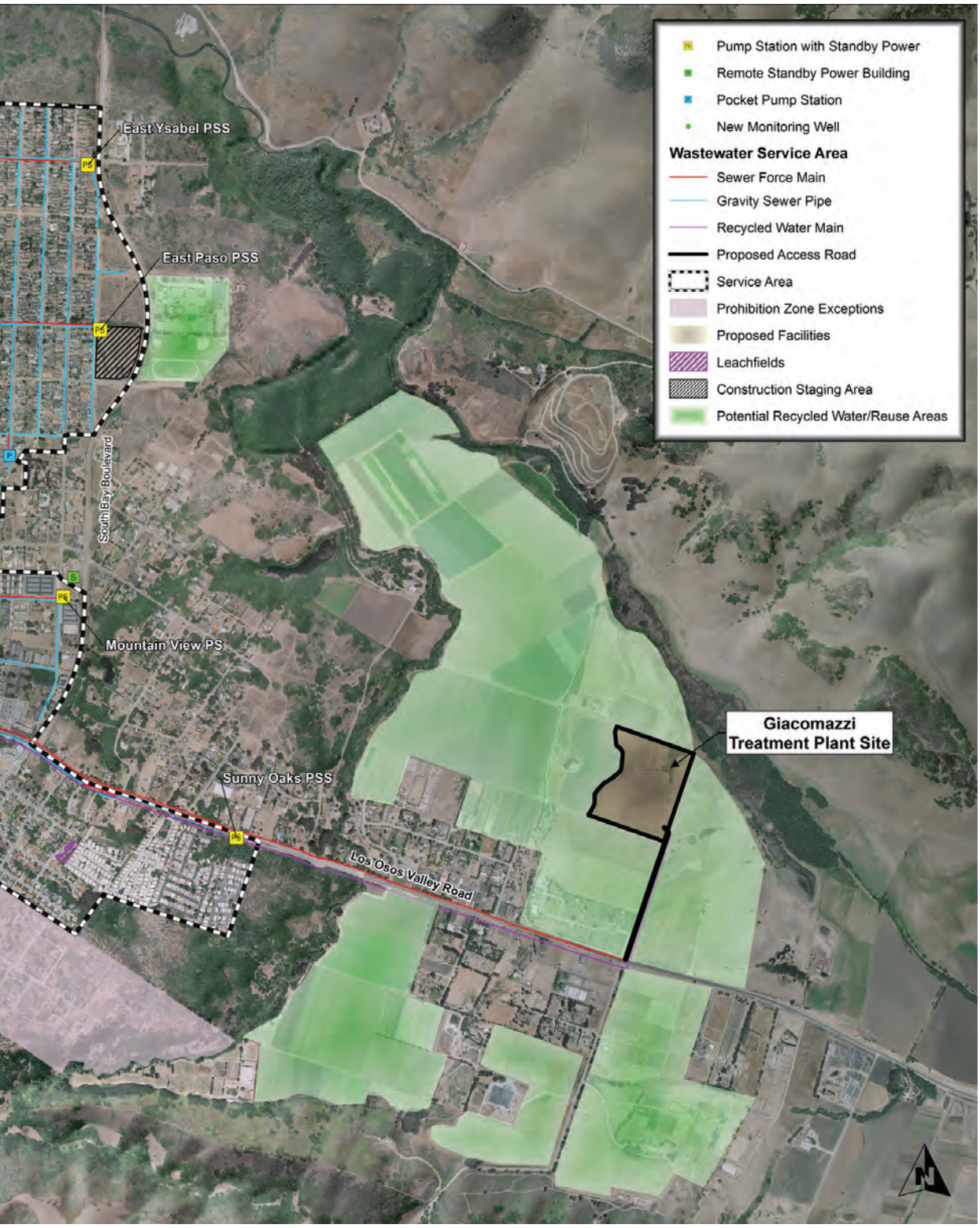
- Treatment plant located behind cemetery, 1/3 mile from LOVR and Clark Valley Road intersection
- Sealed gravity collection system
- Treatment to Title 22 tertiary recycled water standard
- 100% urban and agricultural reuse with no ocean or creek discharges
- Aggressive water conservation goal (over 25% reduction of current indoor use)



Updated Timeline

Establish Service Charges	Obtain Funding		
CDP, USDA, and SWB Condition Compliance			
Collection System Design		Collection System Bids	
		Treatment Plant Design-Build Selection	

2010/2011 2011/



			Homeowner On-Lot Connections
Establish Charges on Undeveloped Properties			
Collection System Construction			Complete Construction
	Treatment Plant Design and Construction		
2012	2012/2013	2013/2014	2014/2015

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

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Town Hall Meeting

Los Osos Wastewater Project
Monday, November 29, 2010

At the
Los Osos Middle School
1555 El Moro Ave. Los Osos

Doors open at 6 pm for Q &A with the project team

Presentation at 7 pm on the Project status and proposed Service Charges

Town Hall Meeting Presentation Will Address the Following Issues and Others:

- Who will pay the Service Charges?
- When will the charges start being collected?
- How were the charges calculated?
- How to estimate your individual charges?
- What is the protest process?
- Why are the charges being established now?
- What is the Project description approved in the Coastal Commission permit?
- What is the schedule and overall cost?