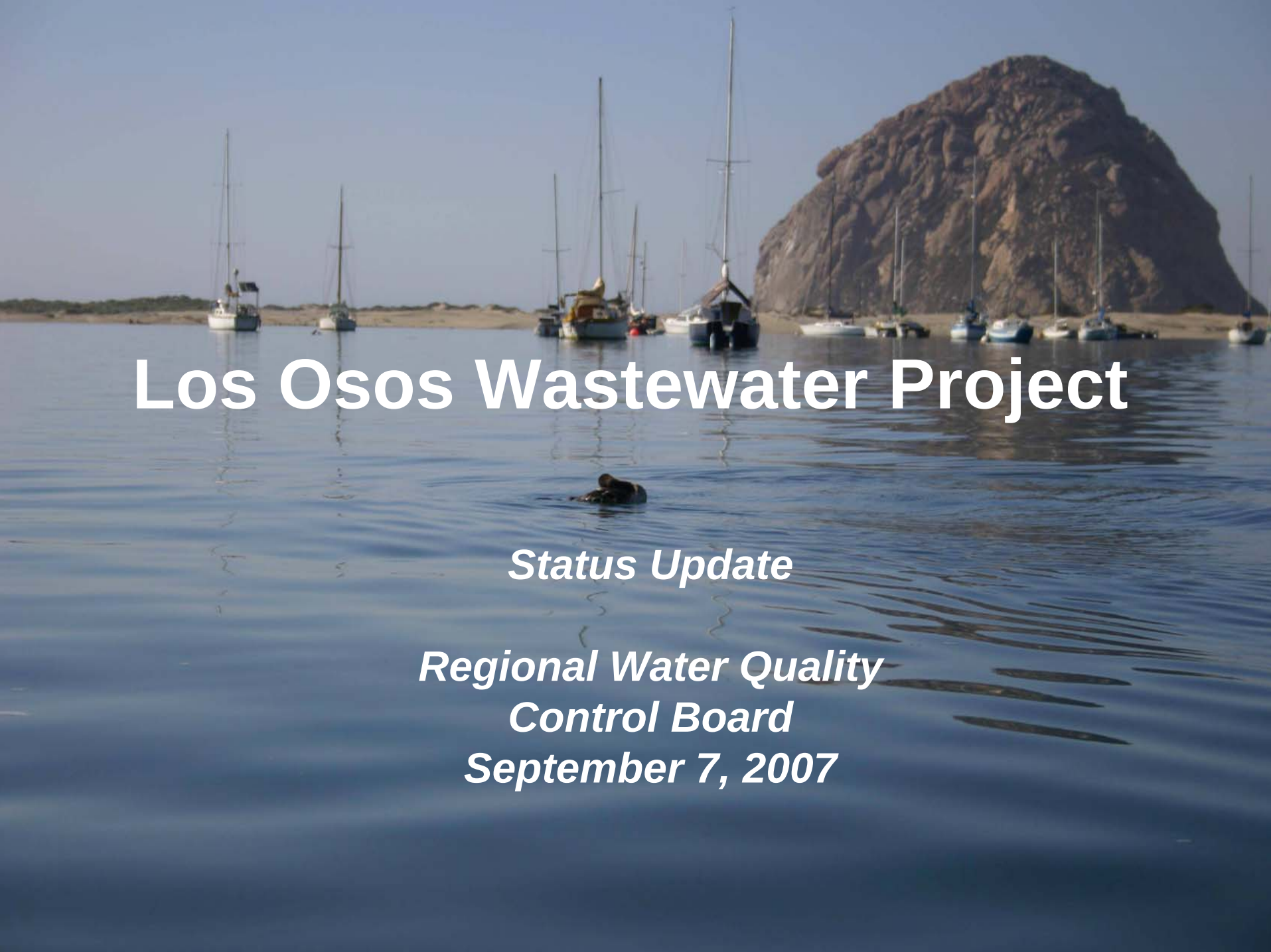


Los Osos Wastewater Project

Status Update

Regional Water Quality Control Board
September 7, 2007

Introduction

- County Actions since July status report in Watsonville
- Project Issues
- Public Discussions and Information
  - September 29, 2007

Quick Announcement

- Ballot Questions?
- John Diodati (805) 788-6633
- Project Website:
  - www.slocounty.ca.gov/PW/LOWWP.htm

Summary of Prior Review July 6, 2007 (Watsonville)

June 19, 2006	Board of Supervisors (BOS) approved policies covering AB 2701 (Legislative Elements) and initial project efforts (Project Strategies) leading to a Prop 218 assessment proposal for Summer/Fall 2007
October 3, 2006	BOS approved $2.0 million project budget
December 12, 2006	BOS approved initial consultant contracts
January 1, 2007	AB 2701 Effective Date – work begins
March 20. 2007	BOS appoints Technical Advisory Committee
March 26, 2007	Project Team releases Rough Screening Report
March 27, 2007	BOS Certifies a Level III Water Resource Level of Severity for Los Osos
May 30, 2007	Project Team releases public draft Fine Screening Report
June – Mid July 2007	Period for public review and comment on draft Fine Screening Report

Summary of Recent Work Efforts Through August 28, 2007

July 17, 2007	Approved Policies regarding Proposition 218 Property Owner votes (ballots)
July 24, 2007	BOS approves water resource actions – Planning Department; Resource Management System
August 7, 2007	Considered status of Coastal Development Permit for the (LOCSD) project
August 14, 2007	✓Considered the Project Screening Analysis ✓Considered the Pro/Con analysis by the Community Technical Advisory Committee ✓Approved Project Selection Strategies
August 21, 2007	✓Approved Resolution establishing Boundary Map of the County Assessment District ✓Approved Resolution of Intention to Undertake Proceedings (Municipal Improvement Act of 1913 etc…)
August 28, 2007	✓Approved Resolution Preliminary Approving the (Assessment) Engineers' Report and Set October 23, 2007 as date of Protest Hearing ✓Approved the Form of the Prop 218 Ballots and Ballot Package ✓Instructed Clerk of the Board to Initiate Ballot Proceedings

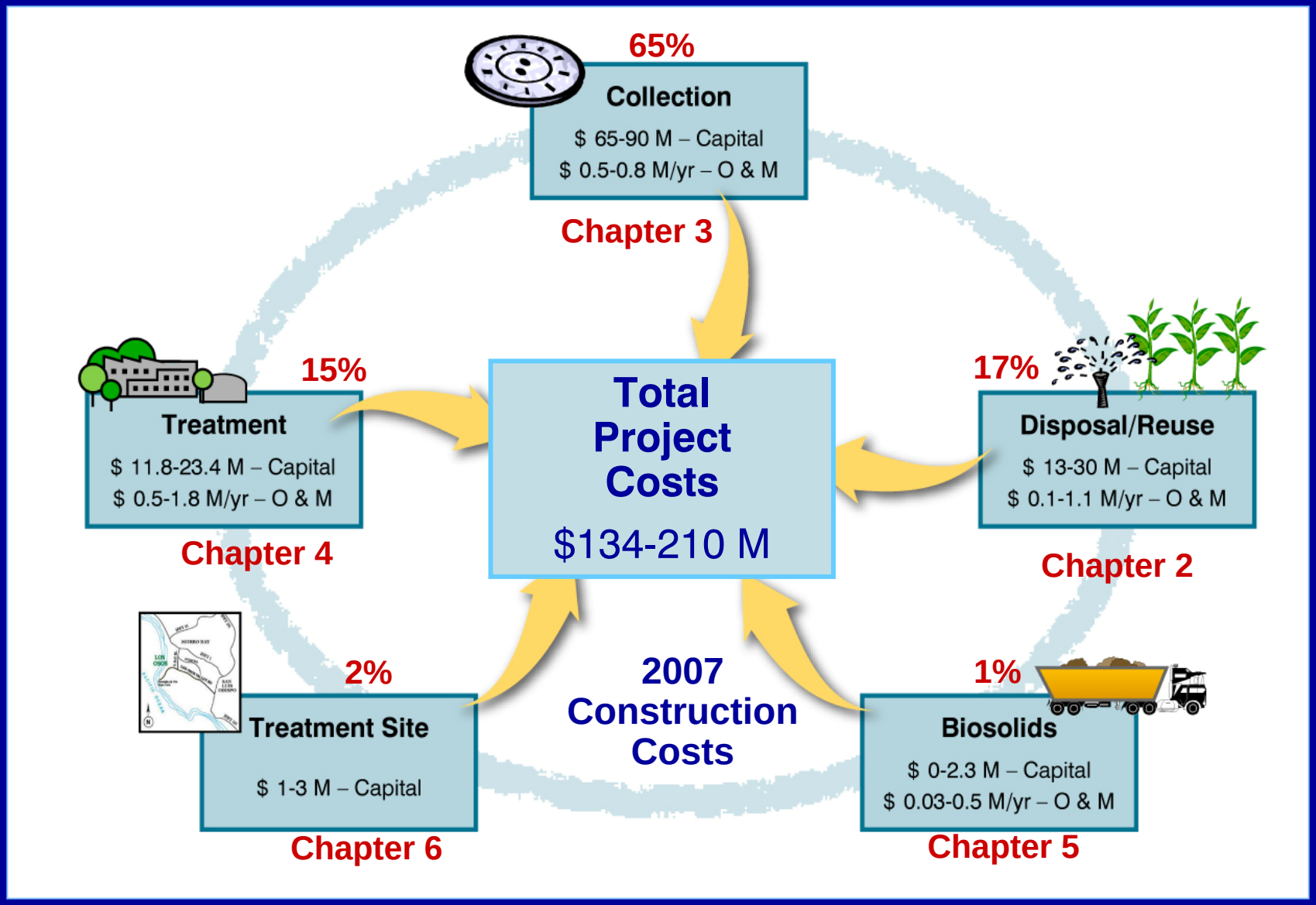
Overall Status

- Ahead of Schedule !
- Under Budget !
- Extensive Community Input:

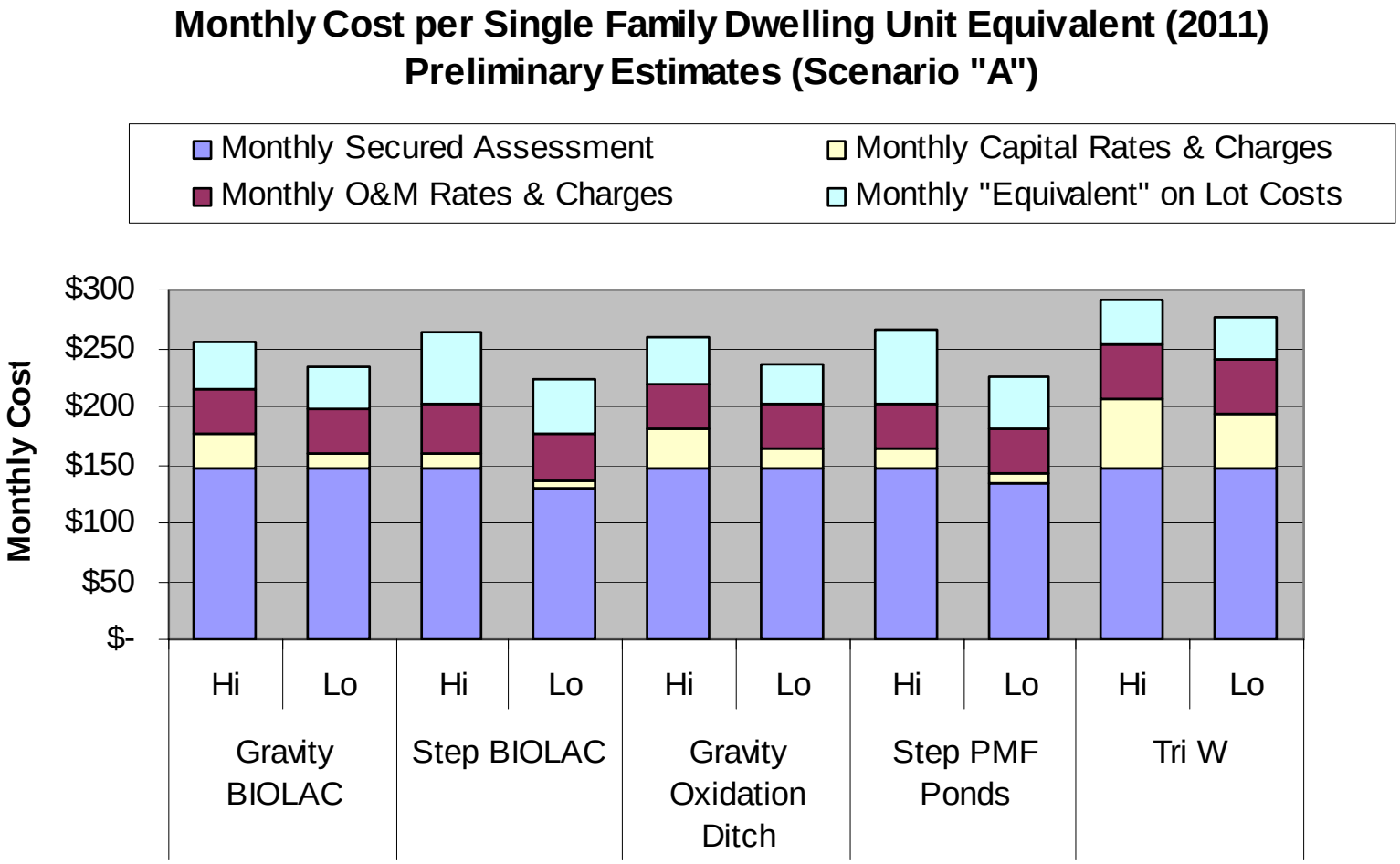
  From April 2nd through the end of August 2007, the TAC scheduled approximately 25 public meetings and approximately 75 separate working group meetings – 25 each for 3 working groups)

COST ESTIMATES

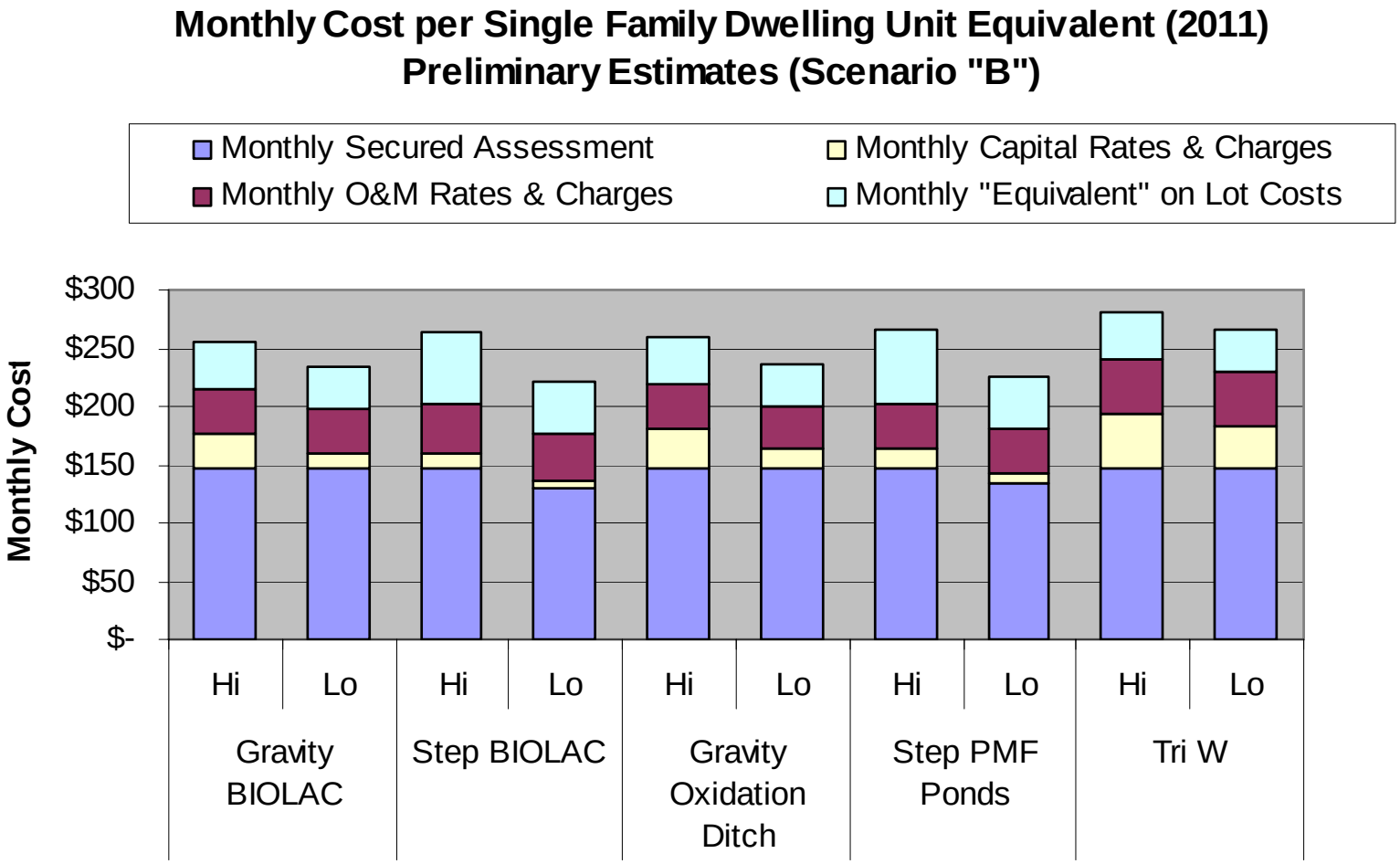
Project Cost Estimates



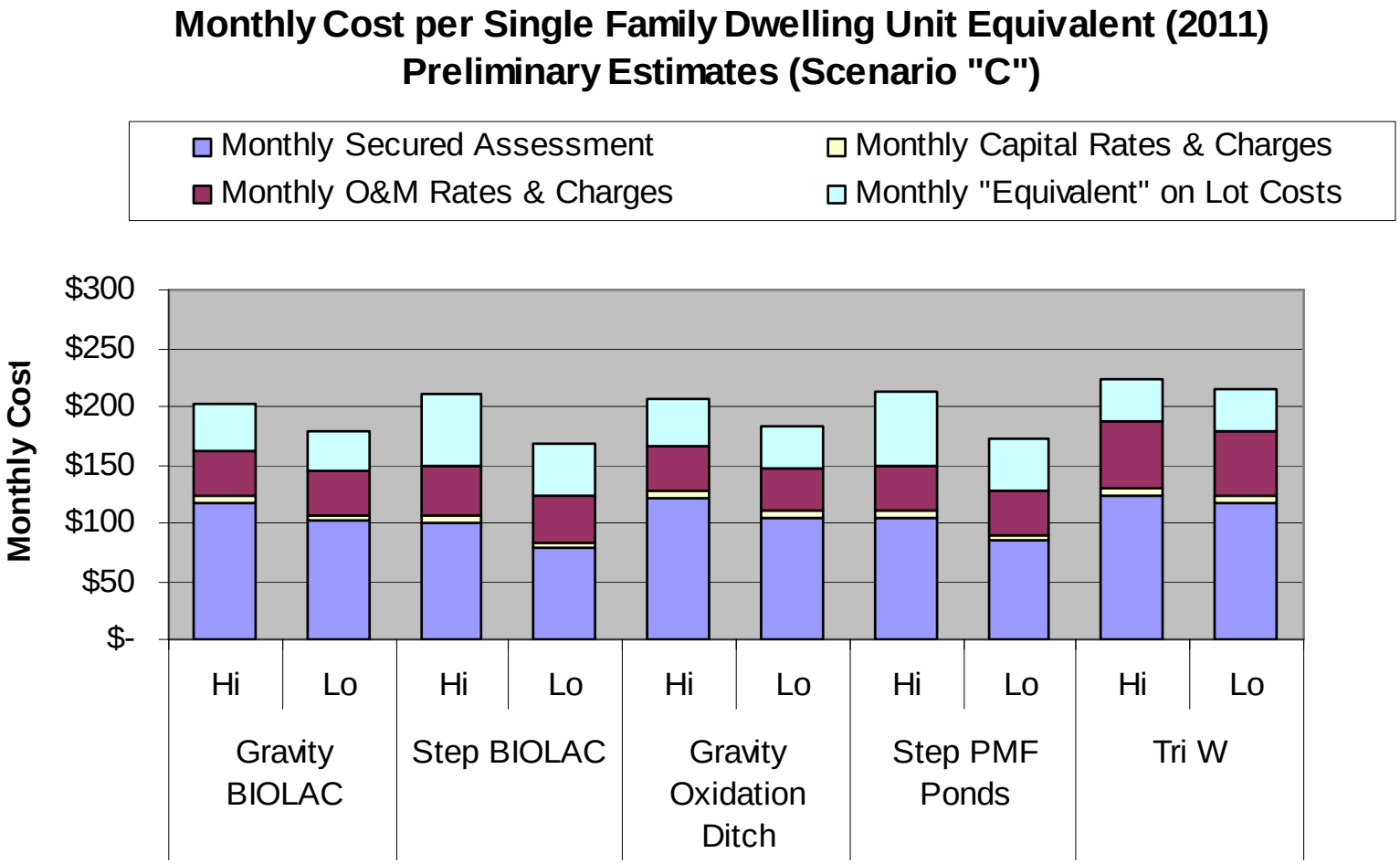
Monthly Cost Estimates



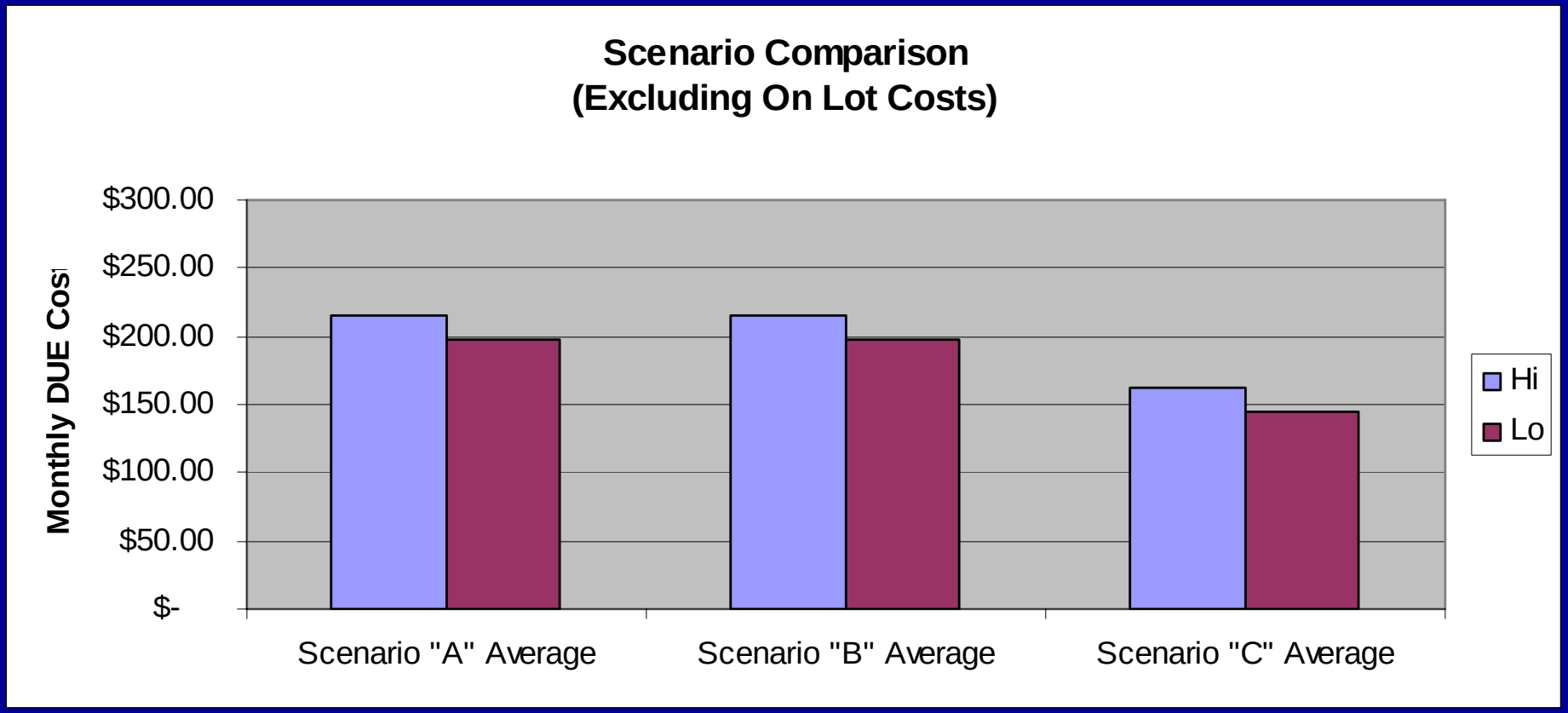
Monthly Cost Estimates



Monthly Cost Estimates

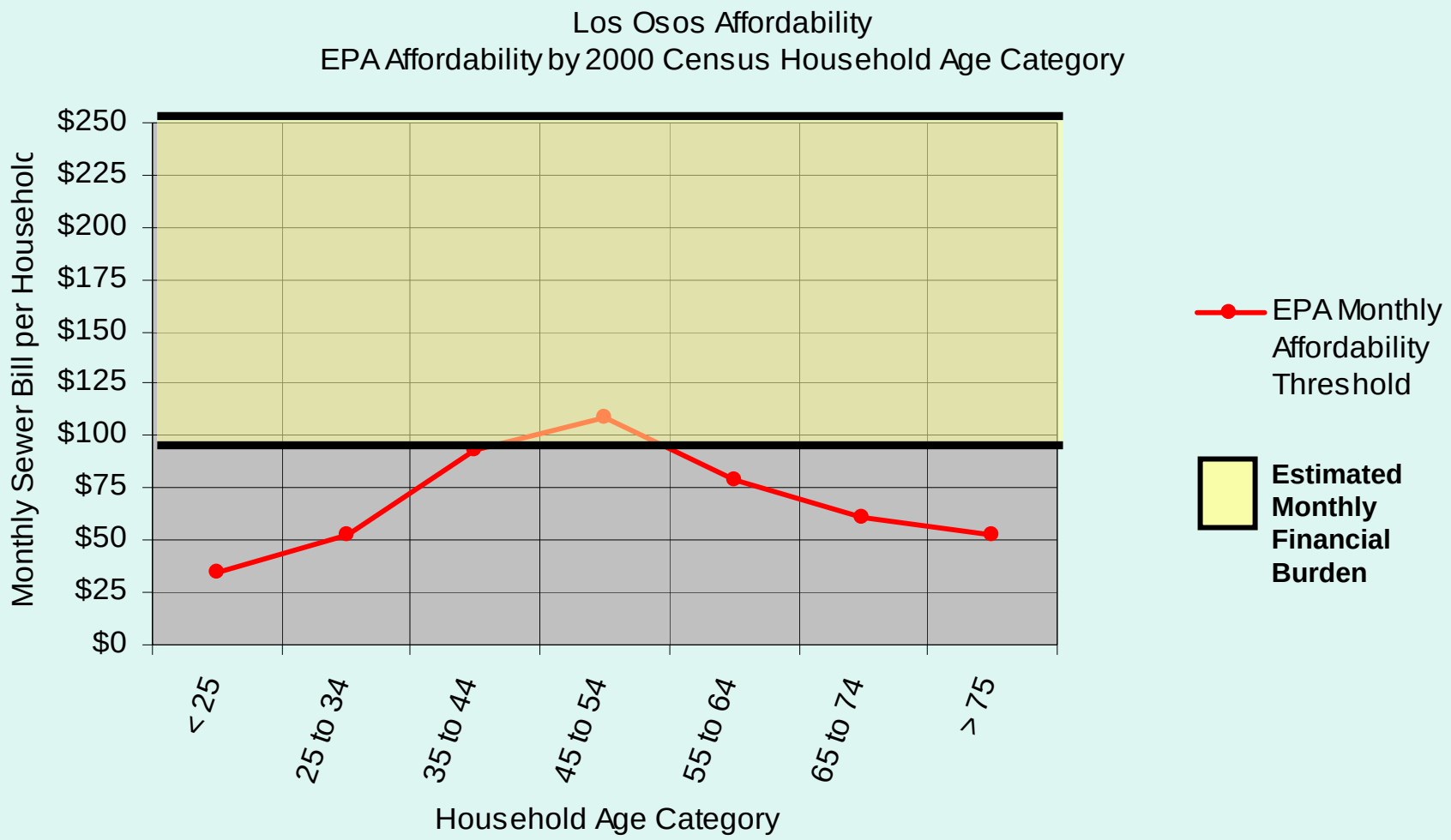


Monthly Cost Estimates



Monthly Cost Estimates

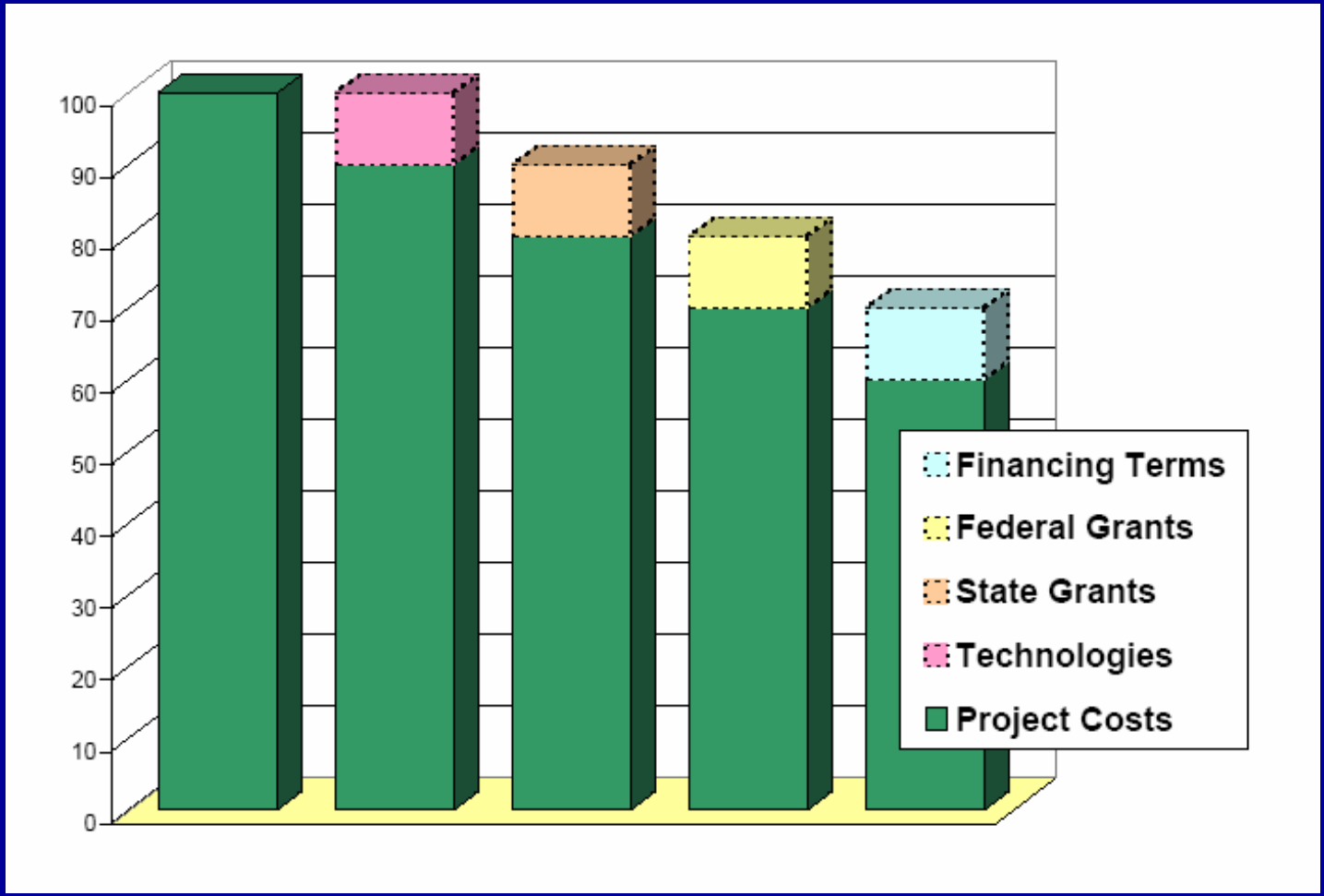
		Monthly Cost Estimate	Payments Due	Semi-Annual Tax Bill	Total Annual Cost Estimate
A	Monthly Operations and Maintenance	$40	Monthly	N/A	$480
B	Monthly Assessments	$150	Property Tax Bills	$900	$1,800
C	Monthly Capital	$10	Property Tax Bills	$60	$120
	Sub-Total	**$200**		**$960**	**$2,400**
D	Monthly On-Lot	$50	Owner Financed Cost	N/A	$600
	Totals	**$250**		**$960**	**$3,000**



MHI & Household figures from the 2000 U.S. Census

EPA Monthly Affordability Threshold derived from the EPA's "Information for the States on Developing Affordability Criteria for Drinking Water" Appendix E

Mitigating Affordability Challenges



Financing & Affordability

- Proposition 218
- Affordability
  - Least Costly Project
  - Least Expensive Funding
  - Grants
    - Government (Federal, State, County)
    - Non Governmental
  - Project Selection Strategies (August 14th)

Project Selection Strategies

A. Utilization of Design-Build methods of public contracting.

B. Development of a policy platform on the STEP collection alternative.

C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with strategy additions.

Project Selection Strategies

D. Consideration of regional options during the preparation of the project EIR.

E. Consideration of a Decentralized Community Wastewater System.

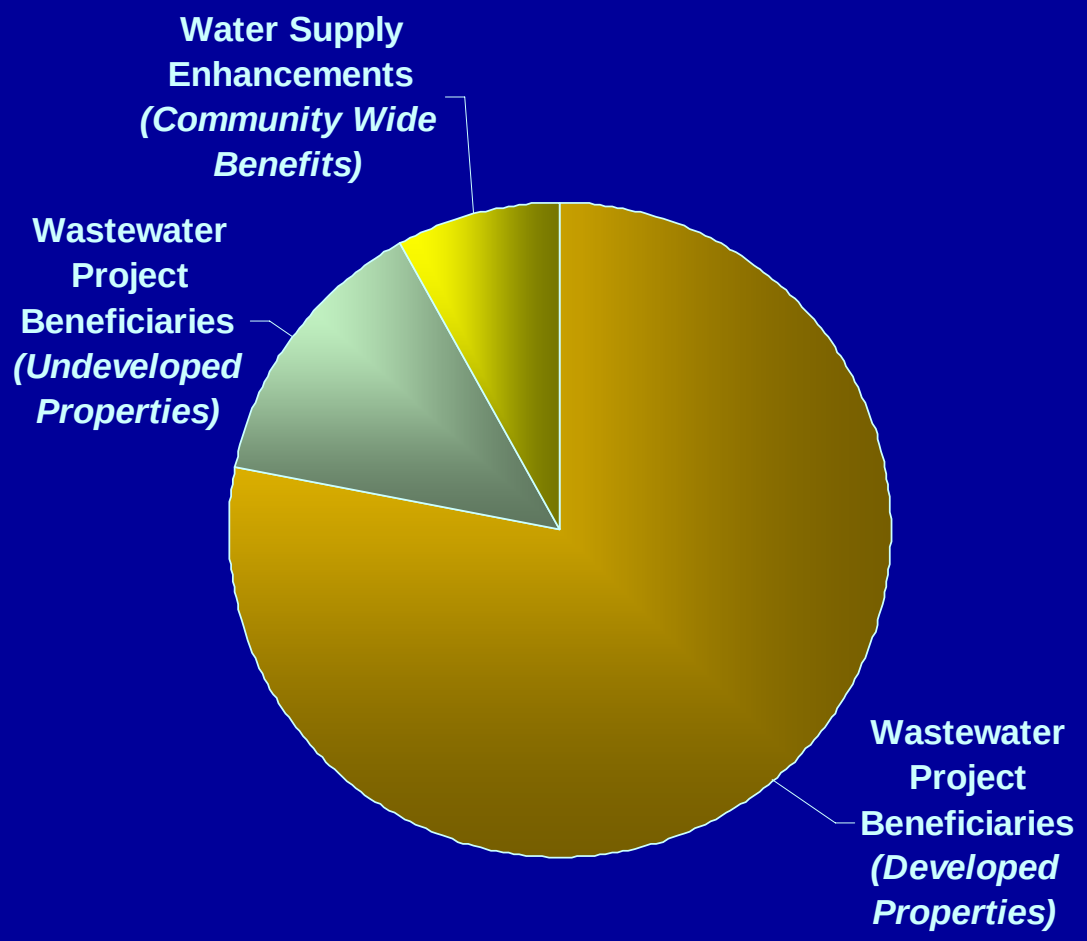
F. Development of wastewater system rates and charges based on demand.

Project Selection Strategies

G. Financial strategies.

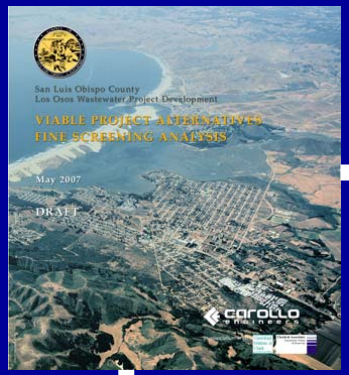
H. Water resource strategies.

Analyzing the Costs



Schedule

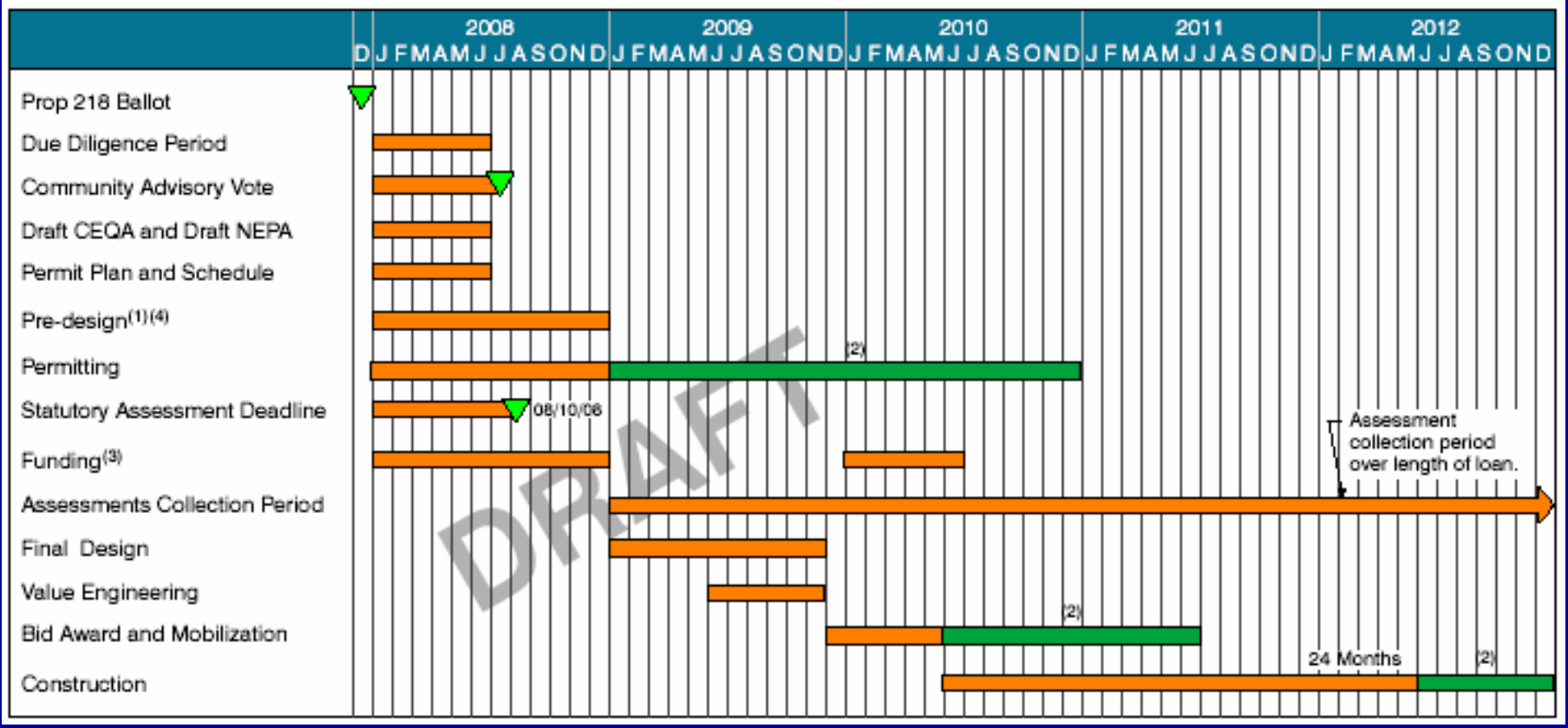
The Fine Screening Report Initiated Parallel Efforts



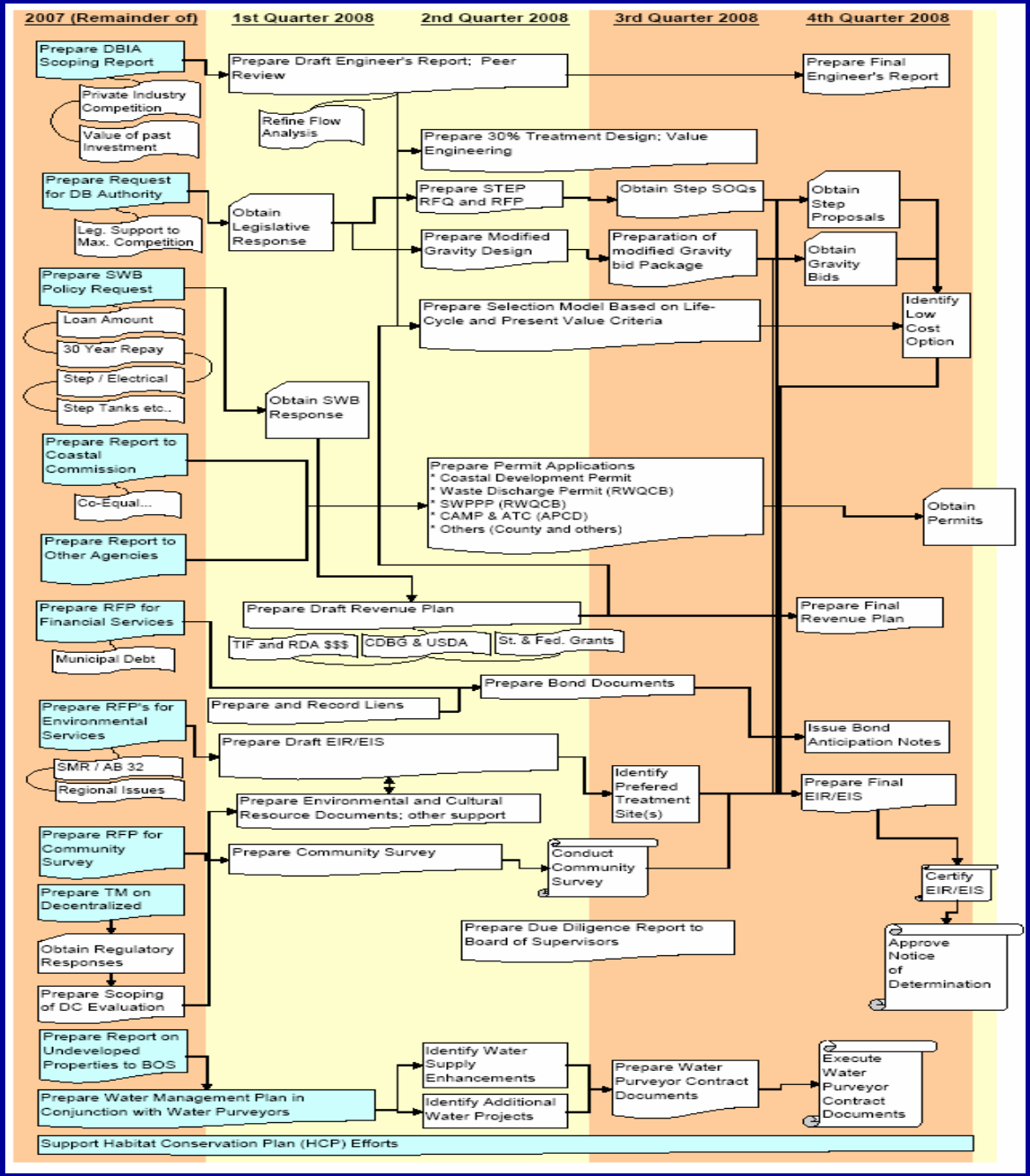
TAC Pro/Con Analysis → Final Project Options → CEQA+ / Community Survey / Due Diligence → Project Selected → Project Design & Construction

Assessment Engineering → P 218 Vote → Funding → Project Design & Construction

Long Term Schedule



Next Steps


2007 (Remainder of)
1st Quarter 2008
2nd Quarter 2008
3rd Quarter 2008
4th Quarter 2008
Prepare DBIA Scoping Report
Private Industry Competition
Value of past Investment
Prepare Draft Engineer's Report; Peer Review
Prepare Final Engineer's Report
Refine Flow Analysis
Prepare 30% Treatment Design; Value Engineering
Prepare Request for DB Authority
Leg. Support to Max. Competition
Obtain Legislative Response
Prepare STEP RFQ and RFP
Obtain Step SOQs
Obtain Step Proposals
Prepare Modified Gravity Design
Preparation of modified Gravity bid Package
Obtain Gravity Bids
Prepare SWB Policy Request
Loan Amount
30 Year Repay
Step / Electrical
Step Tanks etc..
Obtain SWB Response
Prepare Selection Model Based on Life-Cycle and Present Value Criteria
Identify Low Cost Option
Prepare Report to Coastal Commission
Co-Equal...
Prepare Report to Other Agencies
Prepare Permit Applications
* Coastal Development Permit
* Waste Discharge Permit (RWQCB)
* SWPPP (RWQCB)
* CAMP & ATC (APCD)
* Others (County and others)
Obtain Permits
Prepare RFP for Financial Services
Municipal Debt
Prepare Draft Revenue Plan
TIF and RDA $$$
CDBG & USDA
St. & Fed. Grants
Prepare Final Revenue Plan
Prepare Bond Documents
Prepare and Record Liens
Prepare RFP's for Environmental Services
SMR / AB 32
Regional Issues
Prepare Draft EIR/EIS
Issue Bond Anticipation Notes
Identify Prefered Treatment Site(s)
Prepare Final EIR/EIS
Prepare Environmental and Cultural Resource Documents; other support
Prepare RFP for Community Survey
Prepare Community Survey
Conduct Community Survey
Certify EIR/EIS
Prepare TM on Decentralized
Prepare Due Diligence Report to Board of Supervisors
Approve Notice of Determination
Obtain Regulatory Responses
Prepare Scoping of DC Evaluation
Prepare Report on Undeveloped Properties to BOS
Identify Water Supply Enhancements
Prepare Water Purveyor Contract Documents
Execute Water Purveyor Contract Documents
Prepare Water Management Plan in Conjunction with Water Purveyors
Identify Additional Water Projects
Support Habitat Conservation Plan (HCP) Efforts

Summary of Overall Project Efforts

- Developing Community Options → County Staff and Consultants
- Pro/Con Analysis of Community Options → TAC
- Assessment Engineering → County Staff, Consultants, and Legal Counsel
- Adopting Assessments → County Board of Supervisors
- Proposition 218 Vote → Property Owners

Summary of Overall Project Efforts

- Community Survey on Preferred Project Options → Property Owners, Residents, Business Owners
- "Due Diligence" per AB 2701 → County Staff, Legal Counsel and Board of Supervisors
- CEQA and Regulatory Compliance → County Staff, Consultants, & Board of Supervisors
- Final Project Selection → County Board of Supervisors

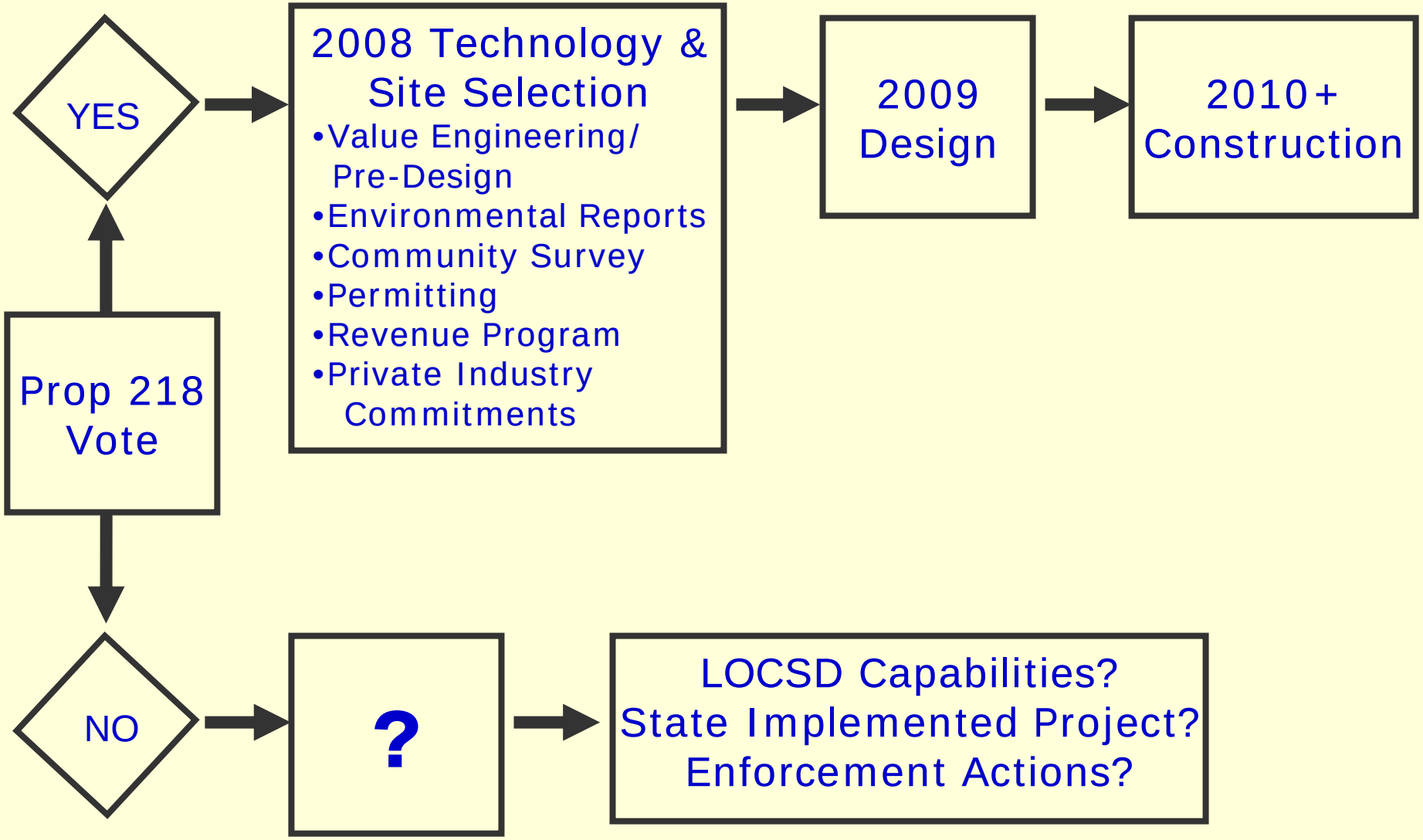
Summary of Overall Project Efforts

- Project Financing → County Staff, Consultants, Legal Counsel, “Private/ Bond Markets,” and Other Agencies
- Project Design → County Staff and Consulting Engineers
- Permits from State & Federal Agencies → County Staff and Consultants
- Project Construction → Private Industry Contractors
- Project Operations → County or Private Operators

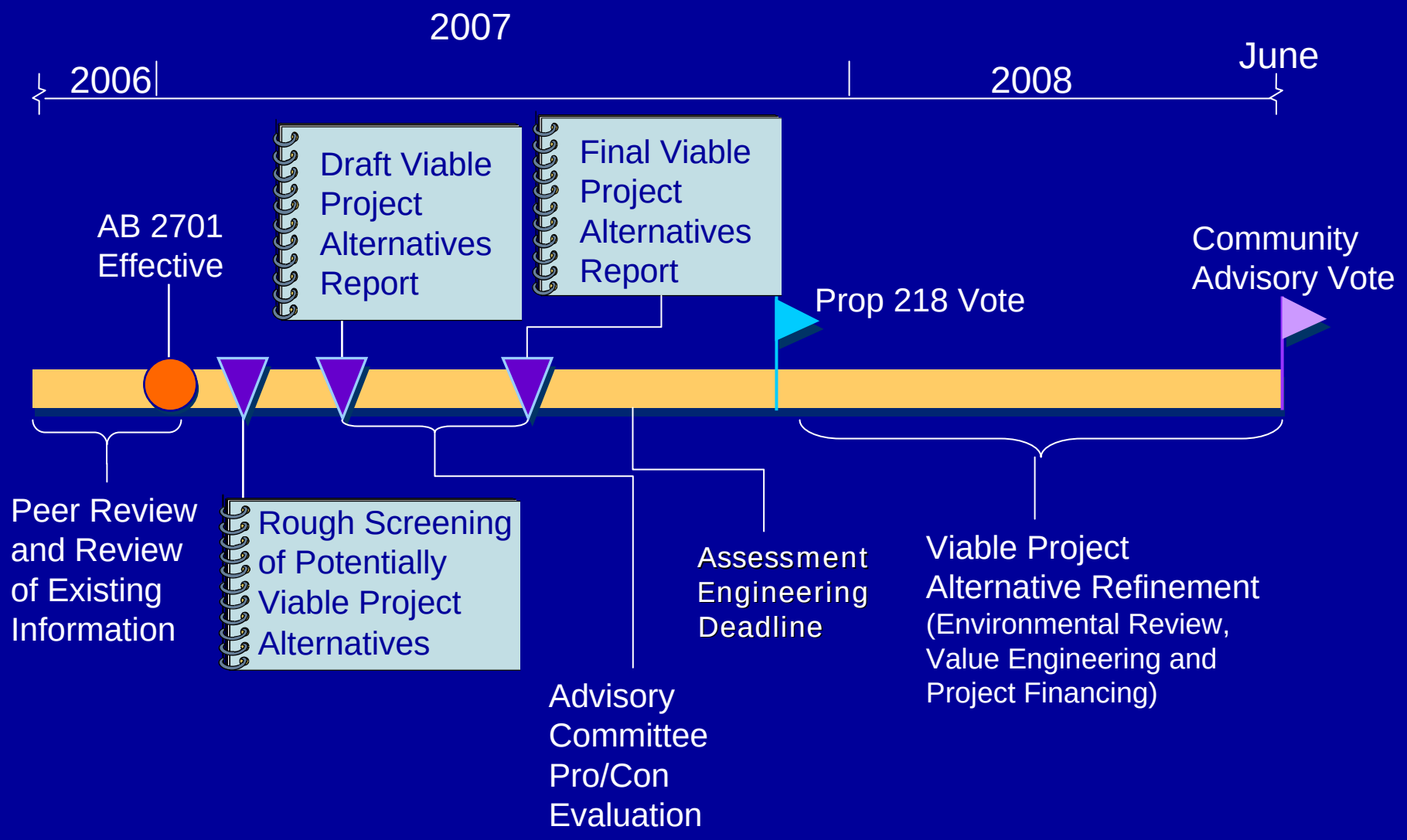
QUESTIONS ?

- Ballot Questions?
- John Diodati (805) 788-6633
- Project Website:
  - www.slocounty.ca.gov/PW/LOWWP.htm

County Process



Viable Project Alternative Development Schedule



Treatment Facility Site Options

High Priority

Properties with fewest constraints and most advantageous location for construction of treatment plant

Tri-W

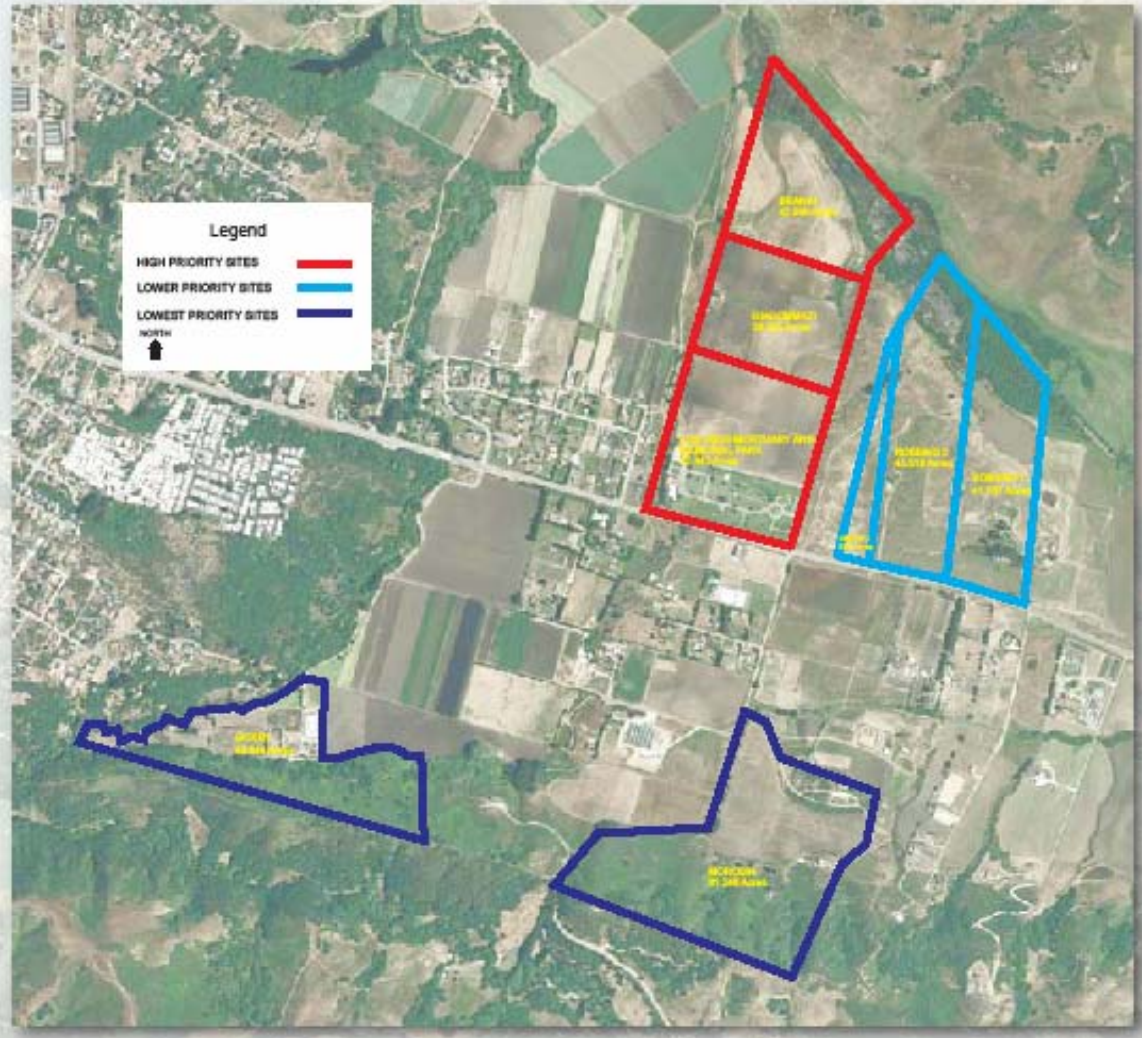
The Tri-W location is the only in-town site carried forward

Lower Priority

Properties with more constraints and less advantageous location than high priority site

Lowest Priority

Properties with most constraints that would render them last choices



HR 1495 – Approved April 19, 2007

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.

Project Selection Strategies

A. Utilization of Design-Build methods of public contracting, including the following:

b. Under existing statutory authorizations:

Project Selection Strategies

A. Utilization of Design-Build methods of public contracting, including the following:

b. Under existing statutory authorizations:

i. Utilization of Government Code Section 5956, especially for “STEP” alternatives.

Project Selection Strategies

A. Utilization of Design-Build methods of public contracting, including the following:

b. Under existing statutory authorizations:

ii. Utilization of traditional design-bid-build contracting for gravity collection bids.

Project Selection Strategies

A. Utilization of Design-Build methods of public contracting, including the following:

   c. Prepare design-build selection model based on present value and lowest life-cycle cost analysis while considering results of community survey.

Project Selection Strategies

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.

Project Selection Strategies

B. Development of a policy platform on the STEP collection alternative that:

b. Supports the establishment of individual property tanks and pumping equipment as public facilities – i.e. maintained as part of the overall wastewater project.

Project Selection Strategies

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.

Project Selection Strategies

C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with the following strategy additions:

b. Near-concurrent release of the draft EIR for public comment and the Community Survey (2008).

Project Selection Strategies

C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with the following strategy additions:

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)

Project Selection Strategies

C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with the following strategy additions:

c. Concurrent consideration by the County Planning Commission … (2008):

i. Development of the Coastal Development Permit (CDP) application as nearly consistent with the CDP previously issued for the LOCSD wastewater project

Project Selection Strategies

C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with the following strategy additions:

c. Concurrent consideration by the County Planning Commission … (2008):

ii. Modifications should be limited to specific project changes

Project Selection Strategies

C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with the following strategy additions:

d. Evaluation of risks to the State Marine Reserve that could result from wastewater treatment plants at the alternative sites identified in the EIR

Project Selection Strategies

C. Co-Equal environmental analysis (originally approved by your Board on June 19, 2006) with the following strategy additions:

e. Evaluation of greenhouse gases based on Assembly Bill 32.

Project Selection Strategies

D. Consideration of the following regional options during the preparation of the project EIR:

a. Regional treatment with City of Morro Bay and Cayucos

Project Selection Strategies

D. Consideration of the following regional options during the preparation of the project EIR:

b. Regional septage facilities

Project Selection Strategies

D. Consideration of the following regional options during the preparation of the project EIR:

c. Regional water supplies

Project Selection Strategies

E. Consideration of a Decentralized Community Wastewater System

a. Development of a Technical Memorandum on the Decentralized proposal presented by Lombardo Associates Incorporated

Project Selection Strategies

E. Consideration of a Decentralized Community Wastewater System

b. Submit to and obtain replies from regulatory and permitting agencies on the decentralized proposal / technical memorandum

Project Selection Strategies

E. Consideration of a Decentralized Community Wastewater System

c. Development of the scope of additional studies and work to support consideration of the alternative during the preparation of the project EIR.

Project Selection Strategies

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.

Project Selection Strategies

F. Development of wastewater system rates and charges based on demand.

b. Incentives for permitted grey-water systems that further reduce demands on the wastewater system.

Project Selection Strategies

F. Development of wastewater system rates and charges based on demand.

c. Special legislation that would provide your Board with discretion to establish a rate discount for disadvantaged persons.

Project Selection Strategies

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.

Project Selection Strategies

G. Financial strategies including the following:

b. Consideration of Tax Increment Financing

Project Selection Strategies

G. Financial strategies including the following:

c. Consideration of Redevelopment Agency Financing

Project Selection Strategies

G. Financial strategies including the following:

d. Consideration of Community Development Block Financing for on-lot costs incurred by disadvantage persons

Project Selection Strategies

G. Financial strategies including the following:

e. Staff coordination of USDA applications for on-lot costs incurred by disadvantaged persons

Project Selection Strategies

G. Financial strategies including the following:

f. Prop. 50 (Integrated Regional Water Management) grant funding for disadvantaged persons.

Project Selection Strategies

H. Water resource considerations:

a. Coordination with the community water purveyors to identify the following:

Project Selection Strategies

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.

Project Selection Strategies

H. Water resource considerations:

a. Coordination with the community water purveyors to identify the following:

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.

Project Selection Strategies

H. Water resource considerations:

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.

6 KEY LEGISLATIVE ELEMENTS

A Property Owners' Decision:

1. Property owners agree – via Prop 218 election – to pay for project

2. If Prop 218 doesn't get majority approval, County has no further responsibility or obligations

6 KEY LEGISLATIVE ELEMENTS

State Agency Commitments:

3. State water board agreement to expedite processing of low-interest loan

4. State & Regional Water Boards agreement to hold enforcement actions in abeyance

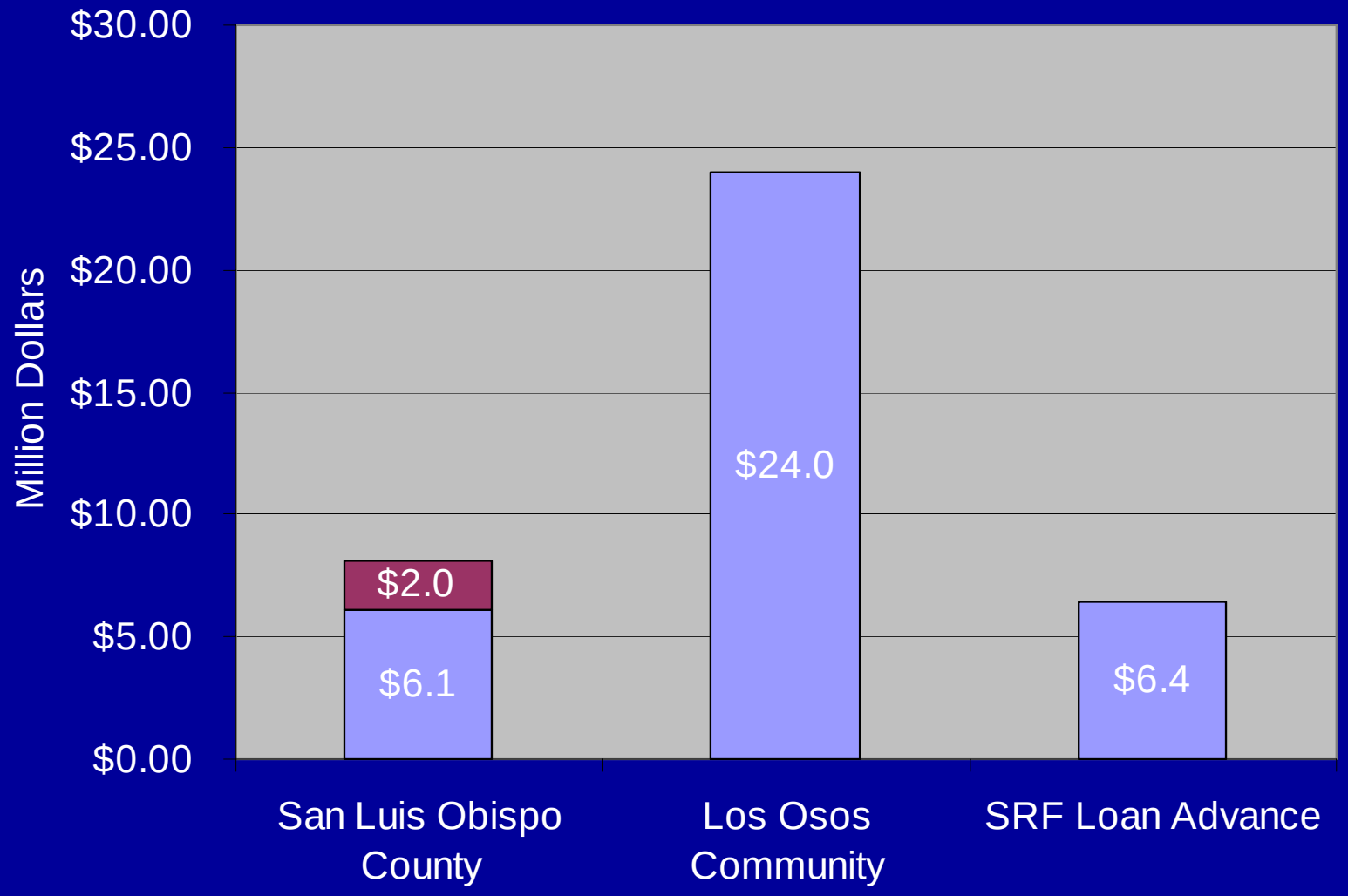
6 KEY LEGISLATIVE ELEMENTS

Liabilities and Responsibilities:

5. LOCSD's liabilities remain theirs – no transfer to general County taxpayers

6. LOCSD won't initiate any additional work on this project to avoid duplicative efforts and agreement that County would have sole responsibility for project

Los Osos Wastewater Project Expenditures



June 19, 2006

- Local Agency Solutions
  - A solution though the County is the only option with certainty
  - A failed Proposition 218 vote leaves significant uncertainty with a bankrupt LOCSD
- State Implemented Solutions