

State Water Resources Control Board
Division of Financial Assistance

Financial Assistance Credit Review Checklist

Applicant Name: COUNTY OF SAN LUIS OBISPO

Project Name: LOS OSOS WASTEWATER PROJECT

Project Number: 5230-110, 5230-120, 5230-130

| Item No. | Description of Document (CWSRF Policy, adopted March 17, 2009, Section) |
|----------|--|
| 1 | Estimated Project construction and annual O&M costs (CWSRF Policy Section IX.A.6) |
| 2 | Project costs financed by the CWSRF and other fund sources (CWSRF Policy Section IX.A.10.c) |
| 3 | MHI for the Project service area (CWSRF Policy Section IX.A.2.a) |
| 4 | Project Description, Location and service area map (CWSRF Policy Section IX.A.2 and IX.A.10) |
| 5 | Project Benefits (CWSRF Policy Section IX.A.1) |
| 6 | Total of active service connections (Residential listed separately) (CWSRF Policy Section IX.A.2.b) |
| 7 | Current monthly residential service charges (CWSRF Policy Section IX.A.2.c) |
| 8 | Projected monthly residential service charges (after funding) (CWSRF Policy Section IX.A.10.d) |
| 9 | Election/Proposition 218 Legal opinion (CWSRF Policy Section IX.E.1) |
| 10 | Draft Dedicated Source(s) of Funds Resolution (CWSRF Policy Section IX.E.2) |
| 11 | Other sources of security if needed-Land, bonds, etc. (CWSRF Policy Section IX.E.3.c) |
| 12 | Financial Statements (3 years – including most recent) (CWSRF Policy Section IX.E.3.a) |
| 13 | Cash reserves and uses (CWSRF Policy Section IX.E.3.b) |
| 14 | Schedule of System Obligations - Outstanding long-term indebtedness (CWSRF Policy Section IX.E.5) |
| 15 | Bond Counsel Legal Opinion regarding Long-Term Indebtedness (CWSRF Policy Section IX.E.5.c) |
| 16 | Debt Documents (CWSRF Policy Section IX.E.5.d) |
| 17 | Litigation/Tax payer dispute (pending or anticipated) (CWSRF Policy Section IX.E.4) |
| 18 | Future Capital Improvements / long term indebtedness (CWSRF Policy Section IX.E.6) |

A Preliminary Funding Commitment (PFC) will not be approved until the Credit Review documents listed below have been submitted, reviewed, and a credit limit determined for the applicant by financial consultant. The following list of required documents is to be provided.

Description of items required on Credit Review Checklist:

Estimated Loan and Source of Funds Amounts

1. The estimated construction and annual Operation and Maintenance (O&M) costs;
2. A description of the anticipated manner in which all the costs will be financed; and
3. Median Household Income (MHI) and population for the proposed Project service area using census data or the most recent income survey if the census data does not accurately reflect the community's MHI. This information is used to analyze various factors, including affordability (*if applicant doesn't have credit review consultant will research and provide MHI information as part of their Credit Results*).

Project Description, Location, and Benefits

4. Description of project, project location and a map of existing service area;
5. Statement of Project needs and benefits, including a discussion of the water quality benefits of the Project and the public health or water quality problems to be corrected.

Total Active Service Connections

6. Active wastewater service connections that are currently and directly served by the wastewater collection system. This includes a breakdown by each category for all domestic or residential, industrial, commercial and other connections.

Average Current Monthly Wastewater Charges

7. If the wastewater system uses a "tiered" rate, the charge should reflect what a typical user pays in each category and the basis of the charges. The rate should reflect direct wastewater charges plus any other fees or charges that support the wastewater service such as parcel fees, standby charges, wastewater taxes, and surcharges.

Projected Monthly Residential Service Charge (Project Constructed)

8. Provide the average projected monthly wastewater charges that will be passed on to wastewater users by category and the basis of the charges during the useful life of the proposed Project. Include any ineligible project costs as well as non-Project-related wastewater system costs that will be imposed on the residential users during the next five years.

Election/Proposition 218 Legal Opinion

9. Please submit evidence with regard to repayment sources:
 - a. If user charges may be used for repayment, please submit the following information:
 1. Date of last rate-setting procedure,
 2. Whether Prop 218 was followed, and
 3. Percentage of protest received.
 - b. If other funds may be used for repayment, please submit a letter from counsel containing the following information:
 4. Citations to the relevant laws authorizing use of such funds and any conditions, and
 5. Information about whether any pre-conditions to such use (election, etc.) has occurred.
 - c. Please calculate estimated net revenues to estimated debt service requirements post-construction. (Note: coverage ratios must be at least 120% if your agency has senior debt. If no senior debt, then 110% coverage is required.)

Draft Dedicated Source(s) of Funds

10. Section 603(d)(1)(C) of the Federal Clean Water Act requires each financing recipient to establish one or more dedicated sources of revenue for payment of the financing agreement. A dedicated source can be general taxes, user fees, a special assessment, or other sources.

Revenue will be considered dedicated when the Agency passes an ordinance or resolution committing a source of funds for payments. The Agency must submit a draft ordinance or resolution dedicating a legal and adequate source of revenue for payment of the CWSRF financing agreement before FPA. The ordinance or resolution dedicating a source of revenue for payment of the CWSRF financing agreement must be adopted by the Agency's governing board before execution of the financing agreement.

Other Sources of Security

11. The applicant shall identify other sources of security if needed for a financing agreement, such as, assessments, stocks, Surety Bonds from an insurance company, or property. If using property, provide an estimate of the value, how the value was determined, and whether the property is pledged as security for another financing agreement.

Financial Statements and Security (3 years, including most recent)

12. The applicant shall provide three years of financial statements. The financial statements must include current year (if available), and two years prior (Audited financial statements are preferred).

Cash Reserves and Uses

13. The applicant shall identify any cash reserves and the planned uses of the cash reserves shown in the financial statements

Existing Long-Term Indebtedness (Schedule of System Obligations/Legal Opinion/Debt Documents)

14. For the purposes of the following, "existing debt" means the applicant's existing debt that relies on the same pledged revenue source as the applicant is pledging for payment of the CWSRF financing. The applicant shall submit a schedule of existing debt. This schedule will be an exhibit to the CWSRF financing agreement and will rank existing debt according to priority in relation to the new, anticipated CWSRF debt (senior, parity, or subordinate). The schedule will list the name of lender, title of debt, debt term, interest rate, total debt amount, remaining debt balance, and debt end date. The Schedule of System Obligations document format is contained in the CWSRF application instructions.

15. The applicant shall submit a letter from the Agency's bond counsel (in certain circumstances local counsel will be adequate), citing relevant provisions in each of the applicant's existing debt documents listed in Schedule of System Obligations (including CWSRF debts), that would affect the ability of the Agency to agree to and meet its obligations under the new, anticipated CWSRF financing agreement. If the applicant has no other debts (except other CWSRF debt), the Agency's Authorized Representative must provide a letter stating this.

16. For all existing debt (other than CWSRF debt), the applicant shall submit the relevant debt document (loan agreement, bond indenture, etc.) by either CD (preferred) or paper copy. The applicant may be required to submit supplemental materials (Offering Statement, maturity schedules, etc.), particularly in the case of multiple series indentures or large debt loads.

Litigation/Tax Payer Dispute

17. The applicant shall describe any pending or anticipated litigation and contractual or ratepayer/taxpayer disputes that may detrimentally affect the applicant's payment source or the ability of the applicant to agree to or pay the CWSRF financing.

Future Capital Improvements and Long-Term Indebtedness Needs

18. The applicant must describe its capital improvement plans and the long-term indebtedness needed to fund future capital improvements.

ITEM 1: Estimated Project Construction and Annual O&M Costs

1.1. PROJECT CAPITAL COST ESTIMATE

Total project cost estimate for the proposed project is summarized below. The average of the low and high range estimate for cost eligible for public financing is \$166 million, which is the assumed total capital project cost financed with a combination of USDA and State Revolving Fund (SRF) loans.

| Table 1.1 Total Project Capital Cost Estimate | | |
|---|------------------------------------|--------------|
| | Average Estimate (\$ M) | Notes |
| Collection System | | 1 |
| Mobilization/Demobilization | \$3.9 | |
| Gravity Sewers and Force Mains | \$29.2 | |
| Manholes | \$4.5 | |
| Shoring and Dewatering | \$5.1 | |
| Duplex Pump Stations | \$2.6 | |
| Triplex Pump Stations | \$1.2 | |
| Pocket Pump Stations | \$2.4 | |
| Standby Power Facilities | \$2.5 | |
| Misc. Facilities | \$3.3 | |
| Laterals in Right-of-Way | \$9.3 | |
| Road Restoration | \$5.2 | |
| Homeowner On-Lot Facilities | \$13.3 | 2 |
| Out-of-Town Conveyance | \$3.4 | 3 |
| Total Collection System | \$85.7 | |
| Treatment Process | | |
| Secondary Process | \$19.6 | 4 |
| Tertiary Filtration/Disinfection | \$3.5 | 5 |
| Total Treatment Process | \$23.1 | |
| Solids Processing | | |
| Thickening | \$1.0 | 6 |
| Mechanical Dewatering | \$2.0 | 7 |
| Total Solids Processing | \$3.0 | |
| Recycled Water Reuse | | |
| Water Conservation Program | \$0.0 | 8 |
| Broderson Pipe and Leachfield | \$6.1 | |
| Recycled Water Turn-outs | \$1.8 | 9 |
| Recycled Water Storage (50 af) | \$0.8 | |
| Total Recycled Water Reuse | \$8.6 | |
| Sub-Total Construction | \$120.3 | |
| 10% Construction Contingency | \$10.7 | 10 |
| Total Construction Costs (April, 2007 dollars) | \$131.0 | |
| Cost Escalation (18.0%) to Mid-Point of Construction | \$23.6 | 11 |

| Table 1.1 Total Project Capital Cost Estimate | | |
|--|------------------------------------|--------------|
| | Average Estimate (\$ M) | Notes |
| Project Soft Costs | | |
| Water Conservation Program | \$5.0 | 12 |
| Admin/Environmental Reports | \$2.0 | |
| Land - Treatment Site | \$1.5 | 13 |
| Environmental Permits/Mitigation | \$2.8 | |
| Design-Collection System | \$2.8 | |
| Design-Treatment Facility | \$7.0 | |
| Construction Management | \$6.0 | |
| Total Project Soft Costs | \$27.0 | |
| Total Capital Project Costs | \$181.6 | |
| Total Eligible Capital Project Costs | \$166.0 | |
| <p>(1) Collection System estimates from Fine Screening Report (FSR), Table 3.17, except as noted.</p> <p>(2) Homeowner On-Lot Facilities not eligible for project financing; owner financed.</p> <p>(3) Conveyance estimate from Conveyance Tech Memo, Table 7, with no micro-tunneling.</p> <p>(4) Secondary treatment estimate from FSR, Tables 4.9 & 4.19.</p> <p>(5) Tertiary treatment estimate from FSR, Section 4.8 for full flow.</p> <p>(6) Thickening estimate from FSR, Table 5.3.</p> <p>(7) Dewatering estimate from FSR, Table 5.5.</p> <p>(8) Included in Project Soft Costs; no escalation on Water Conservation Program.</p> <p>(9) Average of range for estimated 10,000 to 15,000 linear feet of recycled water pipeline at \$143/lf.</p> <p>(10) Assume 10% construction contingency, less Homeowner On-Lot Facilities.</p> <p>(11) FSR, Appendix C estimated construction cost escalation at 5%, per year, from April 2007 to June 2011, the estimated mid-point of construction. The estimated construction cost escalation has been revised to reflect recent economic developments and project delays. The Engineering News Report Construction Cost Index 20-Cities Average for February, 2010 is 8671 (10.05% increase over April, 2007). Adding an assumed 3% annual escalation from February, 2010 to an assumed mid-point of construction in June, 2012, the total escalation is 18.0%.</p> <p>(12) Water Conservation Program budget of \$5 M required per project Coastal Development Permit conditions.</p> <p>(13) Land Costs are not eligible for State Revolving Fund loan financing.</p> | | |

1.2. OPERATIONS AND MAINTENANCE (O&M) COSTS

The following tables show estimated O&M costs for labor, power, and equipment maintenance/replacement. Total project O&M costs are summarized in Table 1.7. Additional reserves for capital replacement costs for short-lived assets (15 years or less) are estimated at \$200,000 per year. Details of short-lived asset replacement costs are provided as Attachment A-Item 1. The cost basis for the collection system was developed in the Fine Screening Report.

| Table 1.2 Estimated Annual O&M Costs for Gravity Collection System | | | | |
|--|--------------|------------------------|------------------------|----------------------------|
| Item | Units | Quantity | Unit Price (\$) | Annual O&M (\$) |
| Labor | Hrs/year | 4,160 ⁽¹⁾ | 40 ⁽²⁾ | 170,000 |
| Power | Kwh/year | 500,000 ⁽³⁾ | 0.12 ⁽²⁾ | 60,000 |
| Equipment Maintenance/Replacement | | | | 200,000 |
| TOTAL O&M COST⁽⁴⁾ | | | | \$430,000 |
| Notes: | | | | |
| (1) Based on 2 full-time employees and 2,080 hours per year. | | | | |
| (2) From Basis of Cost Evaluation Technical Memorandum. | | | | |
| (3) Based on energy required to convey 1.4 mgd to an out-of-town treatment facility. | | | | |
| (4) Septic hauling costs for homes outside of the Prohibition Zone are not included. | | | | |

Annual O&M costs for each of the treatment alternatives were developed in the Fine Screening Report and estimated for the following categories based on BioTran[®] modeling of unit process requirements.

- Labor
- Power
- Maintenance/ Equipment Replacement
- Allowances—Includes chemicals and screenings and grit disposal where applicable
- Unit cost curves for tertiary treatment per MGD

| Table 1.3 Estimated Annual O&M Costs for Treatment Process | | | | |
|--|--------------|-----------------|------------------------|----------------------------|
| Item | Units | Quantity | Unit Price (\$) | Annual O&M (\$) |
| Labor | Hrs/year | 5,200 | 60 ⁽¹⁾ | 310,000 |
| Power | Kwh/year | 900,000 | 0.12 ⁽²⁾ | 110,000 |
| Equipment Maintenance/Replacement | | | | 75,000 |
| Allowances | | | | 50,000 |
| Tertiary Filter O&M | | | | 100,000 |
| TOTAL O&M COST | | | | \$645,000 |
| Notes: | | | | |
| (1) Labor costs are based on an average \$60 hourly rate, including direct and indirect costs. | | | | |
| (2) Power costs based on \$0.12 per kWh electrical rate. | | | | |

The cost basis for biosolids processing was developed in the Fine Screening Report and is based on master planning efforts for a similar sized facility in Morro Bay, CA.

| Table 1.4 Estimated Annual O&M Costs for Biosolids Processing | |
|---|----------------------------|
| Item | Annual O&M (\$) |
| Thickening ⁽¹⁾ | 170,000 |
| Mechanical Dewatering ⁽¹⁾ | 280,000 |
| Hauling ^{(2) (3)} | 190,000 |
| TOTAL O&M COST | \$640,000 |
| Notes: | |
| (1) Includes labor, power, chemicals, and maintenance. | |
| (2) Based on an average solids volume from primary and secondary treatment process of 4,000 pounds per day (dry weight) with dewatering to 18% solids. | |
| (3) Based on a hauling and tipping fee at San Joaquin Composting facility of \$42 per ton for Class B biosolids and \$46 per ton for Sub-Class B biosolids. | |

The cost basis for recycled water reuse was developed in the Fine Screening Report, Appendix A, and is based on estimated energy costs for delivering recycled water to reuse locations and labor costs for routine maintenance.

| Table 1.5 Estimated Annual O&M Costs for Recycled Water Reuse | | | | |
|--|--------------|-----------------|------------------------|----------------------------|
| Item | Units | Quantity | Unit Price (\$) | Annual O&M (\$) |
| Leachfield Labor | Hrs/year | 1,500 | 60 ⁽¹⁾ | 90,000 |
| Leachfield Power | Kwh/year | 1,375,000 | 0.12 ⁽²⁾ | 165,000 |
| Reuse Irrigation Power | Kwh/year | 333,000 | 0.12 ⁽²⁾ | 40,000 |
| TOTAL O&M COST | | | | \$295,000 |
| Notes: | | | | |
| (1) Labor costs are based on an average \$60 hourly rate, including direct and indirect costs. | | | | |
| (2) Power costs based on \$0.12 per kWh electrical rate. | | | | |
| (3) Cost estimates summarized from Table A2 of Fine Screening Report (Carollo, August, 2007) | | | | |

| Table 1.6 Estimated Annual O&M Miscellaneous Costs | |
|---|-----------------------|
| Item | Annual O&M |
| Habitat Mitigation | \$10,000 |
| County Overhead and Billing | \$300,000 |
| Contingency/Operating Reserves | \$50,000 |
| TOTAL O&M COST | \$360,000 |

| Table 1.7 Summary of Total Project Annual O&M Cost Estimate | |
|--|-----------------------|
| | Annual O&M |
| Collection System | |
| • Labor | \$170,000 |
| • Power | \$60,000 |
| • Equipment Maintenance/Replacement | \$200,000 |
| Treatment Process | |
| • Labor | \$310,000 |
| • Power | \$110,000 |
| • Equipment Maintenance/Replacement | \$75,000 |
| • Allowances | \$50,000 |
| • Tertiary Filter O&M | \$100,000 |
| Solids Handling | |
| • Thickening & Dewatering | \$450,000 |
| • Hauling | \$190,000 |
| Recycled Water Reuse | |
| • Leachfield Energy | \$165,000 |
| • Leachfield Labor | \$90,000 |
| • Reuse Irrigation Energy | \$40,000 |
| Miscellaneous Costs | |
| • Habitat Mitigation | \$10,000 |
| • County Overhead and Billing | \$300,000 |
| • Contingency/Operating Reserves | \$50,000 |
| Total Annual O&M Costs | \$2,370,000 |
| Annual Short-Lived Asset Reserves | \$200,000 |

ITEM 2: Project Costs Financed by the CWSRF and Other Fund Sources

2.1. PROJECT FINANCING

The County does not have any existing wastewater facilities, or existing debt, for the community of Los Osos. Total project capital costs are estimated at \$181.6 million. The public financing eligible costs are estimate at \$166 million and assumed to be financed through the USDA Rural Utility Service program and the US EPA State Revolving Fund program. The USDA program financing will include land costs, which are not eligible for the SRF program. Repayment of project financing will be a combination of property assessments and user charges.

| Table 2.1 Anticipated Project Financing | | | | |
|--|-------------------|-------------|----------------------|----------------------------|
| | Term (yrs) | Rate | Capital | Annual Debt Service |
| USDA Loan | 40 | 3.750% | \$86,000,000 | \$4,184,713 |
| SRF Loan | 20 | 2.875% | \$80,000,000 | \$5,315,305 |
| Homeowner financed on-lot costs | 10 | 9.50% | \$15,600,000 | \$2,484,552 |
| Total Capital Financing | | | \$181,600,000 | \$11,984,570 |

ITEM 3: Median Household Income (MHI) for the Project Service Area

3.1. ECONOMIC DEMOGRAPHICS

The community of Los Osos is a predominantly residential community of 14,251 residents (U.S. Census 2000) located along the central Coast of California on the southern edge of Morro Bay in San Luis Obispo County. It is combined with Baywood Park to form the Census designated place of Baywood-Los Osos. There is a small business district concentrated over just a few blocks along Los Osos Valley Road on the southeast side of the town, with several additional shops servicing the Baywood section of Los Osos. The remaining sections of town are almost entirely residential. There is no heavy or light industry within Los Osos.

Employment status for the active members of the labor force is provided in Table 3.1. In Year 1999, there were 11,538 residents aged 16 years or older; 7,250 (68%) of which were active within the labor force.

Table 3.2 provides statistical data on Year 1999 income per household within the community of Los Osos. Median household income is shown as **\$46,558**. A total of 190 families and 1,205 individuals were living below the poverty level in Year 1999.

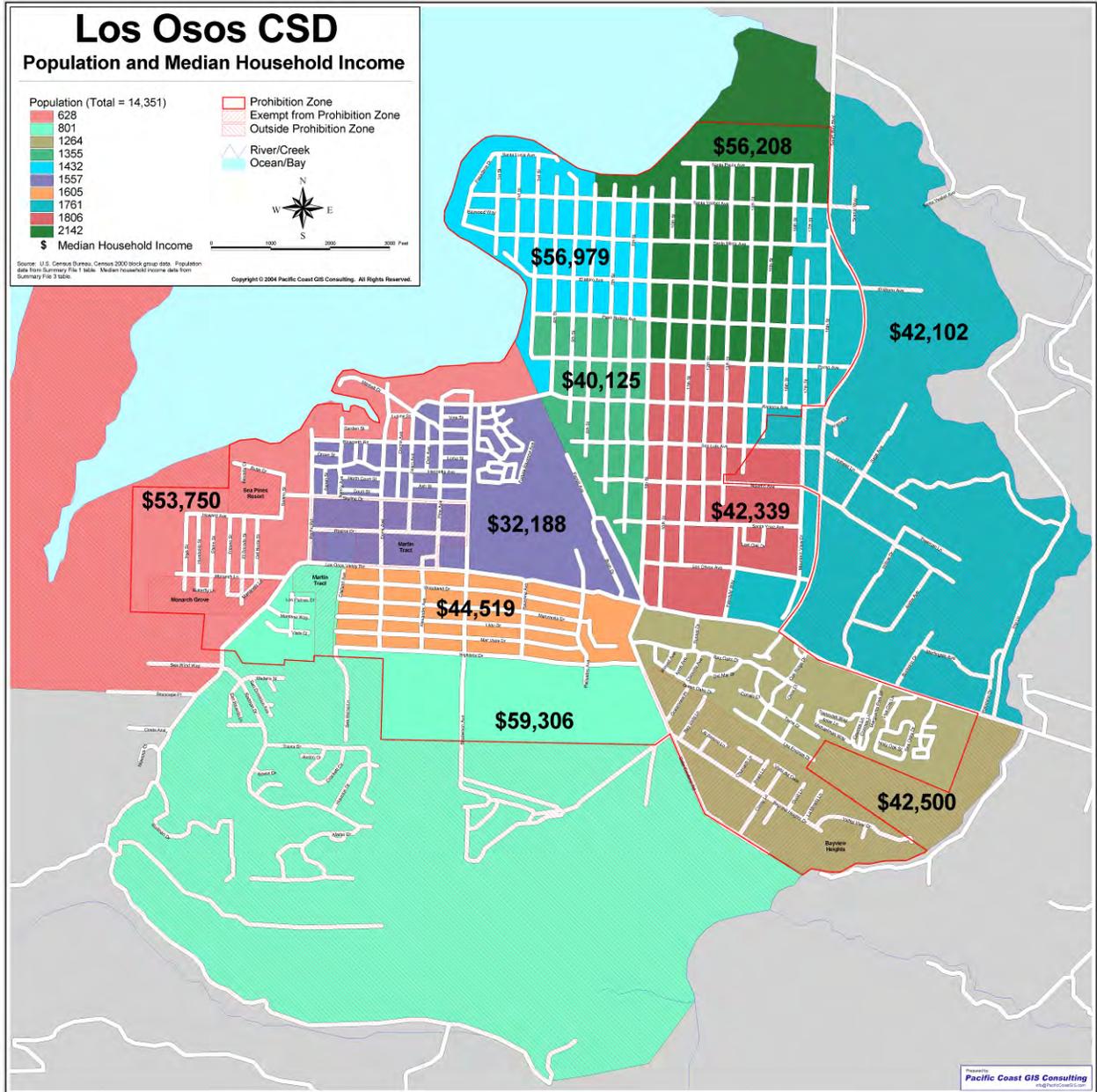
Table 3.1 Employment Status – Los Osos, CA¹

| Occupation | Number | Percent |
|---|--------------|-----------|
| Management, professional, and related occupations | 2,660 | 38.4 |
| Service Occupations | 1,258 | 18.2 |
| Sales and office occupations | 1,657 | 23.9 |
| Farming, fishing, and forestry occupations | 73 | 1.1 |
| Construction, extraction, and maintenance occupations | 654 | 9.4 |
| Production, transportation, and material moving occupations | 629 | 9.1 |
| Armed Forces | 28 | 0.2 |
| Unemployed | 291 | 2.5 |
| Total | 7,250 | 68 |
| ¹ U.S. Bureau of the Census, Census 2000 | | |

Table 3.2 Household Income – Los Osos, CA¹

| Income Range | Number | Percent |
|---|-----------------|-----------|
| Households | 5,908 | 100 |
| Less than \$10,000 | 296 | 5.0 |
| \$10,000 to \$14,999 | 322 | 5.5 |
| \$15,000 to \$24,999 | 793 | 13.4 |
| \$25,000 to \$34,999 | 791 | 13.4 |
| \$35,000 to \$49,999 | 914 | 15.5 |
| \$50,000 to \$74,999 | 1,269 | 21.5 |
| \$75,000 to \$99,999 | 792 | 13.4 |
| \$100,000 to \$149,000 | 484 | 8.2 |
| \$150,000 to \$199,999 | 100 | 1.7 |
| \$200,000 or more | 147 | 2.5 |
| Median Household Income | \$46,558 | -- |
| ¹ U.S. Bureau of the Census, Census 2000 | | |

Figure 3.1 Population and Median Household Income



ITEM 4: Project Description, Location, and Service Area Map

4.1. PROJECT DESCRIPTION

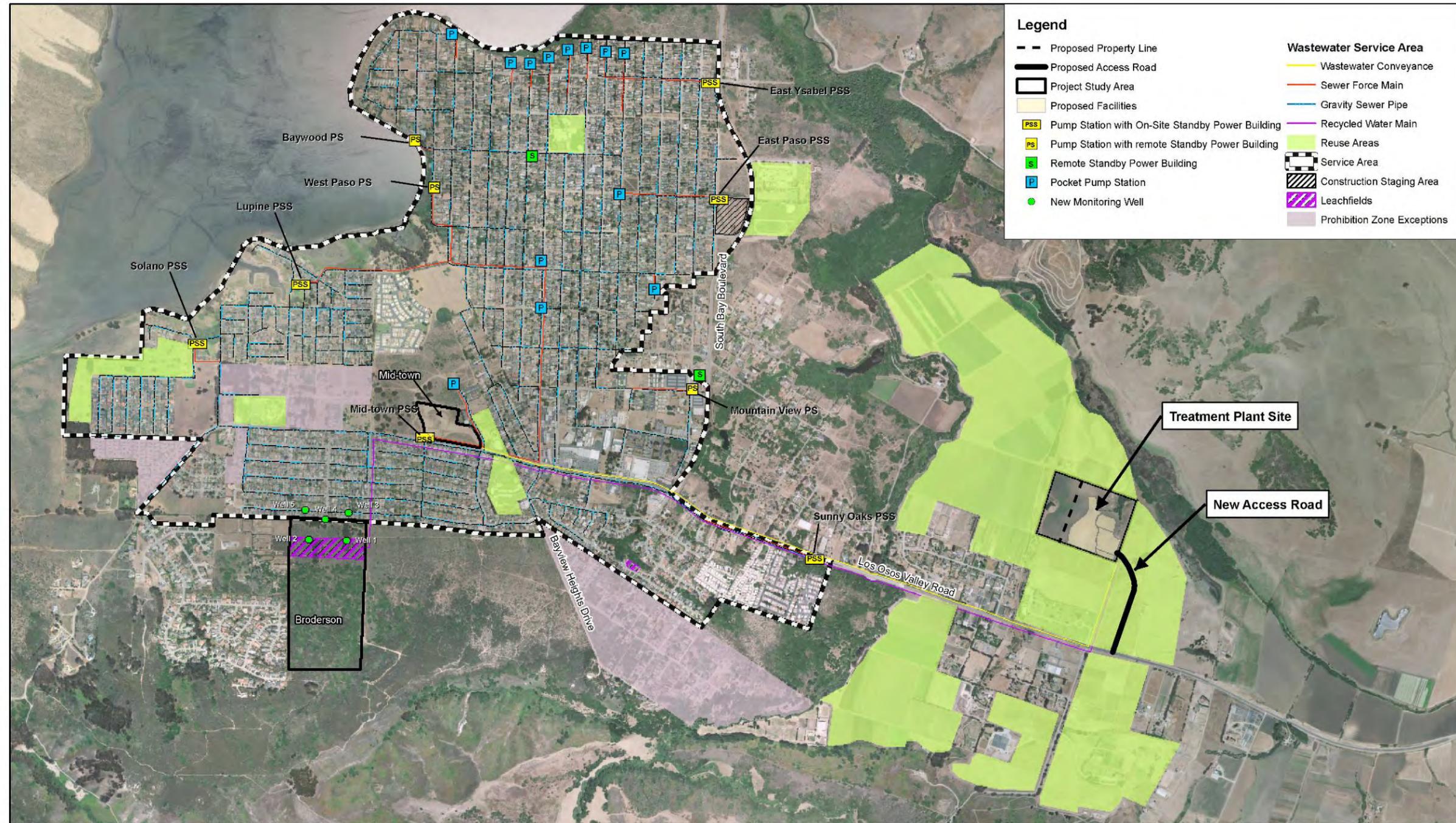
The recommended alternative is the project description approved by the County Planning Commission and Board of Supervisors in 2009 through the formal environmental review process. The approved project is a combination of the many alternatives evaluated in the engineering and environmental review processes. The project consists of a gravity collection system for the entire service area, extended aeration (oxidation ditch) secondary treatment process with tertiary filtration and disinfection at the Giacomazzi site, sanitary disposal of dewatered biosolids, and recycled water reuse program through sub-surface leachfields and unrestricted irrigation.

4.2. PROJECT DESIGN

- a. Collection System Layout and Pumping Stations: A full collection system design was completed by the Los Osos CSD in 2004, prior to their cessation of the project and the passage of AB 2701. This design is largely the basis for the proposed project, with the exception of changes required to convey wastewater to a new treatment plant site at the eastern edge of the community. These changes consist of an additional pumping station at the Mid-Town site and a force main from this site to the treatment facility. Collection system and pumping station details are provided in Table 4.1, below. The layout of the collection system and pumping stations is provided in Figure 4.1 (Project Diagram).

| Table 4.1 Collection System Information | | | | |
|--|-------------------------------------|---|------------------------|--------------------------|
| Pipelines | | | | |
| Pipe Diameter | Depth: 0-8 ft | Depth: 9-12 ft | Depth: 13-15 ft | Depth: 16-18 ft |
| 8-inch | 159,256 ft | 45,849 ft | 2,240 ft | 80 ft |
| 10-inch | 0 | 1,190 ft | 1,300 ft | 0 |
| 12-inch | 0 | 2,413 ft | 654 ft | 654 ft |
| 15-inch | 0 | 3,561 ft | 709 ft | 0 |
| 18-inch | 0 | 860 ft | 600 ft | 0 |
| Pump Stations | | | | |
| Name & Type | Location | Peak Hour Wet Weather Flowrate (gpm) | Pump HP (each) | Stand-by Power |
| Mid-Town Triplex | LOVR & Palisades | 2,800 | 75 | Yes |
| West Paso Triplex | 3 rd & Paso Robles Ave. | 1,900 | 60 | Yes, remote location |
| Lupine Triplex | Lupine & Donna | 1,000 | 30 | Yes |
| Baywood Duplex | 2 nd St. | 310 | 5 | Yes, remote location |
| East Ysabel Duplex | Santa Ysabel & So. Bay Blvd | 170 | 10 | Yes |
| East Paso Duplex | 18 th & Paso Robles Ave. | 330 | 8 | Yes |
| Mountain View Duplex | Santa Ynez & Mt. View | 130 | 5 | Yes |
| Solano Duplex | Solano & Butte | 240 | 20 | Yes |
| Sunny Oaks Duplex | LOVR @ Sunny Oaks | 120 | 3 | Yes |
| Pocket PS (13 each) | Various | 7 – 34 | 1 | No (2 – 7 hours storage) |

Figure 4.1 Project Diagram



Source: 2007 Digital Globe aerials, San Luis Obispo County GIS Data, Carollo Engineers, and MBA GIS Data.

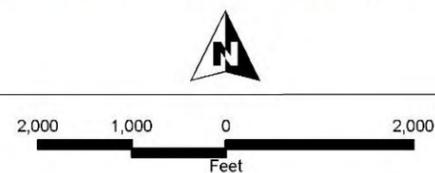


Figure 1
Overall Project Site Plan
Los Osos Wastewater Project, County of San Luis Obispo, 2009

COUNTY OF SAN LUIS OBISPO • LOS OSOS WASTEWATER PROJECT

- b. Treatment Facility: The treatment facility will be located at the Giacomazzi site, on the eastern edge of the community. The site is 38 acres, with approximately 30 acres of useable area after avoidance and buffers for sensitive resources. The site will contain all treatment and related facilities including administration and maintenance buildings, solids processing, storm water and emergency overflow retention, recycled water storage ponds, and recycled water pump station.

The treatment facility will be design for an average daily flow of 1.2 MGD and will consist of the following:

- Headworks and bar screens covered for odor control
- Extended aeration secondary treatment process (oxidation ditch assumed for cost estimates) designed to meet total nitrogen limit of 7 mg/L
- Secondary clarifiers
- Return/waste activated sludge pump station
- Tertiary filtration with ultraviolet disinfection designed to meet California Title 22 standards for tertiary recycled water
- Mechanical sludge dewatering (belt filter press or screw press) enclosed in a building for odor control
- Recycled water storage ponds and pump station

The layout of the treatment facility and recycled water storage ponds is provided in Figure 4.2. Architectural renderings of the proposed building design are provided in Figure 4.3 and Figure 4.4.

Figure 4.2 Treatment Facility Layout

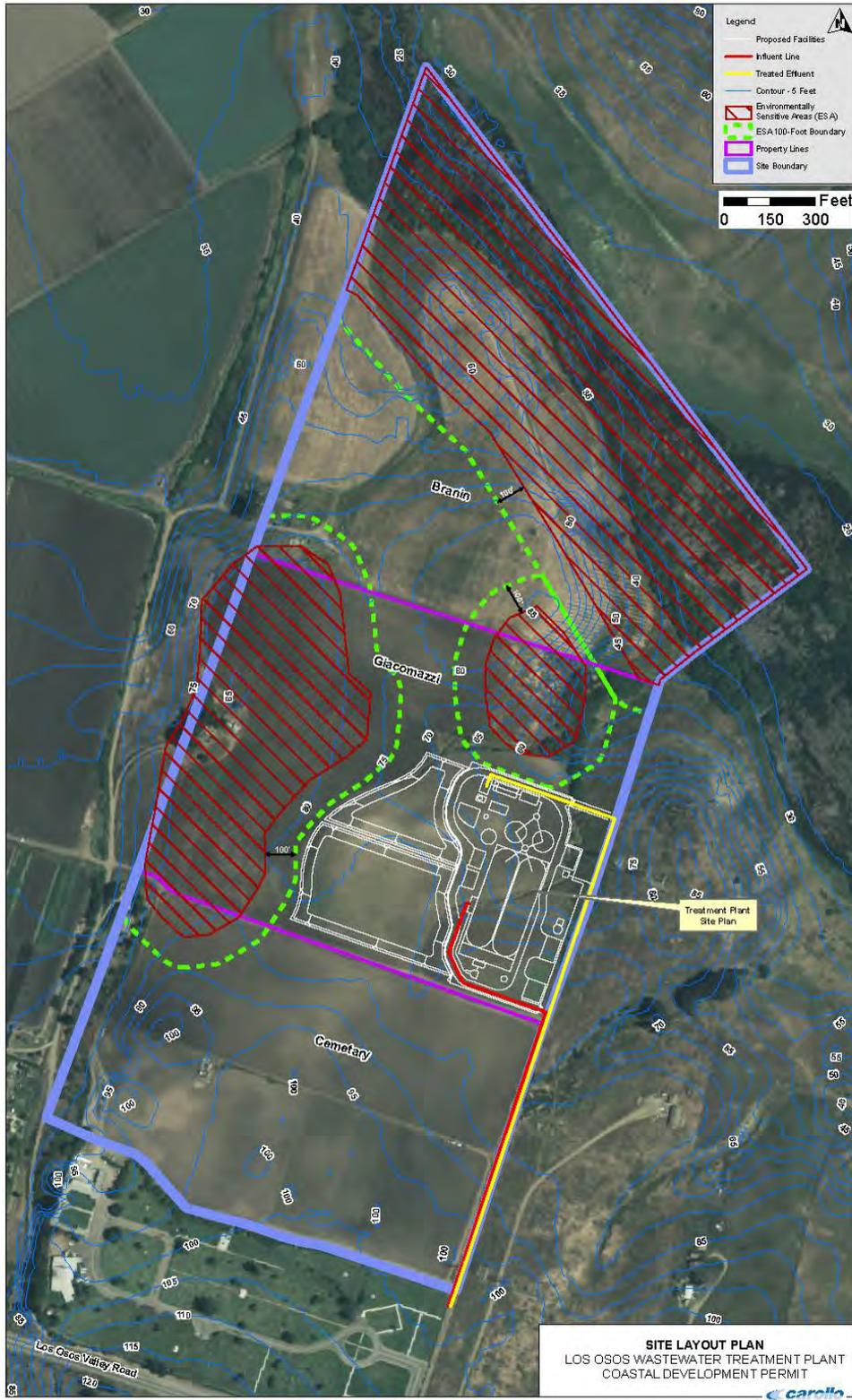


Figure 4.3 Treatment Facility Administration Building Architectural Rendering



PERSPECTIVE

LOS OSOS WASTEWATER TREATMENT FACILITY
ADMINISTRATION BUILDING

STEVEN D. PULTS & ASSOCIATES, LLC
SAN LUIS OBISPO, CA

COUNTY OF
SAN LUIS OBISPO, CA

Figure 4.4 Treatment Facility Maintenance Building Architectural Rendering



PERSPECTIVE

LOS OSOS WASTEWATER TREATMENT FACILITY
MAINTENANCE BUILDING

STEVEN D. PULTS & ASSOCIATES, LLC
SAN LUIS OBISPO, CA

COUNTY OF
SAN LUIS OBISPO, CA

- c. Recycled Water Reuse: Recycled wastewater will be reused within the community or surrounding agricultural land overlying the groundwater basin according to the approved conditions of the Coastal Development Permit. It will either be discharged through leachfields or directly reused for urban or agricultural irrigation. The reuse program will consist of the following:
- 50 acre-feet of storage at the treatment plant site
 - A recycled water main running from the treatment plant site, through the adjacent agricultural area, to reuse sites within the community
 - 8 acres of leachfields at the Broderson site, with an annual capacity of 450 acre-feet
 - Utilize one acre of existing leachfields in the Bayridge Estates sub-division with an annual capacity of 33 acre-feet
 - Provide approximately 130 acre-feet of recycled water to Los Osos schools, parks, golf course, and cemetery
 - Provide recycled water main turn-outs to adjacent farmlands and develop reuse agreements for approximately 100 to 200 acre-feet per year

The approved reuse program includes capacity to meet the flows from existing development that will connect to the system at project start-up. Connection of additional users, from currently undeveloped property, is specifically prohibited in the Coastal Development Permit, until certain conditions are met. These conditions include the requirement to develop a habitat conservation plan for Los Osos, develop a water management plan, and update the Local Coastal Plan to incorporate the habitat and water plans. Reuse capacity for the additional flows associated with new development is not necessary at project start-up, due to these conditions. The Coastal permit conditions effectively require a water management plan to identify the most beneficial reuse alternatives for the additional flows associated with new development, prior to any new connections to the system. The layout of the recycled water reuse sites is provided in Figure 4.1 (Project Diagram).

- d. Water Conservation Program: A water conservation program will be implemented with residential and commercial fixture retrofits, appliance rebates, education, and water efficiency audits. The goal of the conservation program is to reduce indoor use by over 25% to 50 gallons per capita per day. The water conservation program will result in decreased demand on system facilities such as pump stations and treatment works, increase the operating life of the facilities, and increase operational flexibility.

ITEM 5: Project Benefits

5.1. HISTORY OF NEED

Beginning as early as 1971, the RWQCB and other health agencies became concerned with safety of the Los Osos community sanitary system. Concern arose from the high level of variance in depth to the ground water, which in certain areas is shallow enough to flood leach fields during wet weather. Additionally, many of the smaller lots do not contain sufficient land area to accommodate leach fields. As a result, these areas depend solely on deeper seepage pits which may discharge directly into the ground water. To compound matters, the Los Osos area draws its potable water supply from the groundwater. The RWQCB responded in June, 1971, by adopting an interim Basin Plan which contained a provision prohibiting septic system discharge in the area after 1974.

In 1983 the RWQCB determined that contamination in excess of State standards had occurred in the groundwater basin (upper aquifer) with a substantial effect from the use of septic systems throughout the community and followed with a regulatory mandate to cease and desist.

The RWQCB issued Resolution No. 83-13 and made the following findings:

- Previous studies (Brown and Caldwell, 1983) indicated that the quality of water derived from the shallow aquifer underlying the community was deteriorating, particularly as it relates to increasing concentrations of nitrates in excess of State standards.
- The current method of wastewater disposal by individual septic tank systems located in areas of high groundwater are a major contributing factor to this degradation of water quality.
- Continuation of this method of waste disposal could result in health hazards to the community and the continued degradation of groundwater quality is in violation of the Porter-Cologne Act.

Further, the RWQCB resolution established discharge prohibitions for a portion of the Los Osos area that became known as the Prohibition Zone. The action set a deadline for 1988, beyond which most new septic system discharges from new construction or remodels were prohibited. These regulatory actions created a moratorium, effectively halting new construction or major expansions of existing development until the water pollution problem was solved.

5.2. PROJECT BENEFITS

The need and primary purpose of the project is development of infrastructure for a wastewater collection, treatment and disposal system to serve the community of Los Osos in the designated Prohibition Zone in order to comply with the RWQCB mandate. In addition to meeting the RWQCB regulatory requirements, the project will provide a number of water quality and water supply benefits.

- The primary benefit of the LOWWP is compliance with the Regional Water Quality Control Board directives to alleviate groundwater contamination, primarily nitrates, which have occurred at least partially because of the use of septic systems throughout the community of Los Osos.
- The LOWWP provides an opportunity to begin the process of mitigating seawater intrusion, reducing nitrate contamination, and setting long term goals for achieving a sustainable water supply.
- Developing a wastewater project in Los Osos will lead to the removal of the discharge moratorium instituted by the RWQCB, returning community growth and development decisions to local officials and allowing for local control of water resources.
- Alleviating groundwater contamination will provide an additional direct benefit to the Morro Bay National Estuary and State Marine Reserve located adjacent to the Los Osos community.
- Properly implemented future measures for effluent disposal will enhance opportunities for water purveyors to improve the local water resources.

The need for the project has never been more acute than the present time. Over 25 years and approximately \$50 million have been spent with no solution to the septic tank pollution. The current County efforts, authorized through unprecedented action by the state legislature, are likely the last chance for a locally led solution. The currently favorable bidding climate, availability of federal stimulus funding, and pending RWQCB fines are all factors that point to the need to implement this project within the next several months.

ITEM 6: Total of Active Service Connections

NOT APPLICABLE: There are no existing service connections.

ITEM 7: Current Monthly Residential Service Charges

NOT APPLICABLE: There are no existing service connections or service charges.

ITEM 8: Projected Monthly Residential Service Charges

8.1. SUMMARY OF PROJECTED SERVICE CHARGES

The proposed Los Osos Wastewater Project will serve an area of Los Osos with an existing population of approximately 12,500 and a build-out population estimated at 14,500. The service area is currently served by on-site septic systems, therefore the project will consist of almost entirely new facilities for wastewater collection, treatment, and reuse to serve 4,769 planned connections with a capacity of 1.2 mgd. The total capital costs of the project are estimated at \$181.6 million. Annual operations, maintenance, and replacement costs, plus capital replacement reserves, are estimated at \$2.57 million.

Project financing is expected to come from a variety of sources: USDA Rural Development, State Revolving Fund loan, and owner financing of on-lot connection costs. The following tables summarize the anticipated project financing and revenue requirements and provide example total monthly cost estimates for several user types. Revenue for payment of the capital and annual costs of the project will be provided by property assessments and user charges. Financing and payment of individual property owner costs for on-lot connections are the responsibility of each property owner and not included in the project revenue requirements.

| Table 8.1 Project Capital Costs | |
|---|----------------------|
| Project Capital Costs Eligible for Public Financing | \$166,000,000 |
| Homeowner On-Lot Costs | \$15,600,000 |
| Total Capital Costs | \$181,600,000 |

| Table 8.2 Anticipated Project Financing | | | | |
|--|-------------------|-------------|----------------------|----------------------------|
| | Term (yrs) | Rate | Capital | Annual Debt Service |
| USDA Loan | 40 | 3.750% | \$86,000,000 | \$4,184,713 |
| SRF Loan | 20 | 2.875% | \$80,000,000 | \$5,315,305 |
| Homeowner financed on-lot costs | 10 | 9.50% | \$15,600,000 | \$2,484,552 |
| Total Capital Financing | | | \$181,600,000 | \$11,984,570 |

| Table 8.3 Estimated Project Revenue Requirements | | | |
|---|---------------------------|---------------------------------|----------------------------------|
| Category | Total Annual Costs | Allocated to Assessments | Allocated to User Charges |
| Debt Service (USDA Loan) | \$4,184,713 | \$4,184,713 | \$0 |
| Debt Service Reserve (USDA Loan) | \$0 | \$0 | \$0 |
| Debt Service (SRF) | \$5,315,305 | \$4,547,509 | \$767,796 |
| Debt Service Reserve (SRF) | \$76,780 | \$0 | \$76,780 |
| Short-Lived Asset Reserve | \$200,000 | \$0 | \$200,000 |
| O&M | \$2,370,000 | \$0 | \$2,370,000 |
| Annual Project Revenue Required | \$12,146,797 | \$8,732,222 | \$3,414,575 |

| Table 8.4 Example Total Monthly Costs by User Group | | | | |
|--|-----------------------------------|-----------------------------|------------------------------|-----------------------------|
| Example User Group | Assessment Charge Per Unit | User Charge Per Unit | On-Lot Costs Per Unit | Total Costs Per Unit |
| Single Family Residence | \$117.51 | \$52.22 | \$48.36 | \$218.09 |
| Multi Family, 4 unit apartment or condo | \$82.72 | \$39.17 | \$12.09 | \$133.98 |
| Mobile Home Park, 125 unit | \$31.97 | \$26.12 | \$0.39 | \$58.48 |
| Single Family, Bayridge Estates/Vista De Oro Tracts | \$63.77 | \$52.22 | \$0.66 | \$116.65 |
| Low-Load, Non-Resid, 5 tentants, 50k ft ² | \$108.85 | \$57.89 | \$9.67 | \$176.42 |
| Med-Load, Non-Resid, two tentant, 15k ft ² | \$85.43 | \$71.08 | \$24.18 | \$180.69 |
| High-Load, Non-Resid, one tenant, 20k ft ² | \$224.20 | \$270.56 | \$48.36 | \$543.13 |
| Special User (septage) | \$0.00 | \$1.72 | \$0.00 | \$1.72 |

8.2. PROPERTY ASSESSMENTS

Property assessments will fund repayment of \$154 million of the project capital costs. The County established \$127 million of property assessment in 2007 under California Proposition 218 proceedings. These assessments have been established for currently developed properties within service area. A second Proposition 218 proceeding is planned for undeveloped properties within the service area, which will establish an additional \$27 million of property assessments, for a total of \$154 million of property assessments. Property assessments are levied as liens on properties and, while they can be paid in full by a property owner, are typically collected through the semi-annual property tax bills to pay the annual debt service obligation of the project financing. The annual assessment charges for each user are proportional to the actual total assessment approved, and levied, on each individual property through the Proposition 218 proceedings.

Property owner assessment charges are detailed in the Engineer's Report for the San Luis Obispo County Wastewater Assessment District No. 1, December 18, 2007. The assessment district was approved by the property owners in the assessment district and adopted by resolution of the San Luis Obispo County Board of Supervisors according to the requirements of Proposition 218 (Article XIII.D of the Ca. Constitution). The individual assessments vary and are recorded for each property in the adopted Assessment Roll. The following tables summarize the calculations in the Assessment Engineer's Report and provide example assessment charges by user group. Benefit units are apportioned to several use categories and special cases, based on wastewater flow estimates, and allocated to each project component.

| Table 8.5 Assessment Benefit Unit Allocation | | | | | |
|--|--------------------|-------------|-------------|----------------------|-----------------|
| Use Category | Benefit Units (BU) | | | | |
| | Lateral | Collector | Trunk | Treatment & Disposal | Common Facility |
| Residential Single Family | 1 | 1 | 1 | 1 | 1 |
| Residential Multi-Family | 1 | 0.75/unit | 0.75/unit | 0.75/unit | 0.75/unit |
| Mobile Homes | 1 | 0 | 0.5/unit | 0.5/unit | 0.5/unit |
| Vista del Oro & Bayridge Estates Tracts | 0 | 0 | 1 | 1 | 1 |
| Commercial / Non-Residential | 1 | 1/10,000-sf | 1/10,000-sf | 1/10,000-sf | 1/10,000-sf |
| Special Cases were analyzed individually, including condominiums, mobile home parks, schools, churches, and public facilities. | | | | | |

| Table 8.6 Example Assessment Charges by User Group | | | |
|---|------------------|----------------------|-------------------------|
| Example User Group | Total Assessment | Total Monthly Charge | Per Unit Monthly Charge |
| Single Family Residence | \$24,941.19 | \$117.51 | \$117.51 |
| Multi Family, 4 unit apartment or condo | \$70,228.89 | \$330.89 | \$82.72 |
| Mobile Home Park, 125 unit | \$848,164.84 | \$3,996.25 | \$31.97 |
| Single Family, Bayridge Estates/Vista De Oro Tracts | \$13,533.88 | \$63.77 | \$63.77 |
| Non-Resid, 5 tentants, 50k ft ² | \$115,516.59 | \$544.27 | \$108.85 |
| Non-Resid, two tentant, 15k ft ² | \$36,263.12 | \$170.86 | \$85.43 |
| Non-Resid, one tenant, 20k ft ² | \$47,585.04 | \$224.20 | \$224.20 |

8.3. USER CHARGES

User charges will fund the remaining project capital costs not covered by the property assessments, as well as annual operations, maintenance, and replacement costs. The user charges rate schedule for the project is based on a calculation of user type, flows, and loads according to the Revenue Program Guidelines for the State Revolving Fund loan program. The calculations were originally developed by Tuckfield & Associates for the previous Los Osos Community Services District project in 2004. The revised rate schedule reflects current costs estimates and reduced flows expected with implementation of the water conservation program that is required in the Coastal Development Permit. The following table is a summary of the user charge rate schedule by user group and revenue category. The complete user charge revenue tables are provided in Attachment B-Item 8.

| User Group | # of Accts | Variable O M & R | Fixed O M & R | Capital Replace. Fund | Debt Service | Debt Service Reserve | Total Annual Revenue | Avg. Monthly Revenue |
|------------------------|-------------|------------------|--------------------|-----------------------|------------------|----------------------|----------------------|----------------------|
| Single Family | 4289 | \$446,099 | \$1,416,592 | \$158,306 | \$606,109 | \$60,342 | \$2,687,449 | \$52.22 |
| Multi Family | 809 | 63,115 | 200,421 | 22,397 | 85,753 | 8,537 | 380,224 | 39.17 |
| Mobile Home | 542 | 28,201 | 89,553 | 10,008 | 38,317 | 3,815 | 169,893 | 26.12 |
| Low-load Non-Resid | 147 | 16,950 | 53,826 | 6,015 | 23,030 | 2,293 | 102,115 | 57.89 |
| Med-load Non-Resid | 5 | 633 | 2,462 | 204 | 866 | 100 | 4,265 | 71.08 |
| High-load Non-Resid | 17 | 8,008 | 32,385 | 2,521 | 10,969 | 1,310 | 55,194 | 270.56 |
| Special User (septage) | 749 | 1,994 | 9,759 | 549 | 2,752 | 382 | 15,436 | 1.72 |
| Totals | 6558 | \$565,000 | \$1,805,000 | \$200,000 | \$767,796 | \$76,780 | \$3,414,575 | \$43.39 |

8.4. PROPERTY OWNER FINANCED ON-LOT COSTS

There are 4,281 existing septic systems serving individual or multiple users that must be abandoned and the users connected to the collection system laterals in the right-of-way. Individual property owners are responsible for these improvements and costs related to all work that is necessary on their private property to abandon existing septic systems. Costs are expected to vary greatly by individual property, and are estimated in the Fine Screening Report from less than \$1,500 to \$10,000 or more. The average cost per property, or septic system abandonment, is estimated at \$3,650 and assumed to be owner financed with a home equity line of credit or other commercial loan. Financing costs would average \$48.36 per month, at an assumed 9.5% interest rate for a 10 year term. Debt service for these costs are the responsibility of each property owner and their individual lender and are not included in the estimated project revenue requirements.

8.5. REVENUE COLLECTION AND DELINQUENT ACCOUNTS

Collection of both the property assessments and user charges portions of the revenue requirements will be through the County’s semi-annual property tax bills. Collection of property assessments on the property tax bills is authorized by the completed Proposition 218 proceedings. User charges are also authorized to be collected on the property tax bills pursuant to CA Health and Safety Code Sections 5470-5473.11 and County Code Section 3.22.

Any delinquent project accounts for either the property assessments or user charges will be paid by the County under the *Teeter Plan*, as provided in the CA Revenue and Taxation Code Section 4701 *et seq.* Under the Teeter Plan, the County annually distributes 100% of the secured tax revenue due to the project on a cash basis. The County is then responsible for collection of delinquent charges, plus interest and penalties, through subsequent collections.

8.6. SUMMARY OF POTENTIAL WORST-CASE SERVICE CHARGES

The worst-case rate schedule assumes that the second Proposition 218 proceedings for undeveloped properties are not approved by property owners. The result of this scenario is that existing development would be required to fund the debt service on the approximately \$27 million that was to be assessed to undeveloped property. It is likely that undeveloped property would eventually fund the \$27 million, either by approving a subsequent Proposition 218 proceeding or by connection fees. However, in the short-term, user charges to existing development would need to be sufficient to fund all annual debt service obligations.

The following tables show that the total capital financing amount is unchanged. However, the revenue requirements allocate a higher share of SRF costs to user charges, reflecting that the assessment backed debt is reduced from \$154,444,000 to \$126,722,296. This also results in an increased total annual cost, as more debt service reserve is needed for the user charge allocation. The other user charges for operating costs are unchanged, since no new development was assumed to contribute to user charge revenue under the proposed rate schedule. Complete user charge revenue tables for the worst-case scenario are provided in Attachment B-Item 8.

| Table 8.8 Estimated Worst-Case Project Revenue Requirements | | | |
|--|---------------------------|---------------------------------|----------------------------------|
| Category | Total Annual Costs | Allocated to Assessments | Allocated to User Charges |
| Debt Service (USDA Loan) | \$4,184,713 | \$4,184,713 | \$0 |
| Debt Service Reserve (USDA Loan) | \$0 | \$0 | \$0 |
| Debt Service (SRF) | \$5,315,305 | \$2,705,643 | \$2,609,662 |
| Debt Service Reserve (SRF) | \$260,966 | \$0 | \$260,966 |
| Short-Lived Asset Reserve | \$200,000 | \$0 | \$200,000 |
| O&M | \$2,370,000 | \$0 | \$2,370,000 |
| Annual Project Revenue Required | \$12,330,984 | \$6,890,356 | \$5,440,628 |

| Example User Group | Assessment Charge Per Unit | User Charge Per Unit | On-Lot Costs Per Unit | Total Costs Per Unit |
|---|----------------------------|----------------------|-----------------------|----------------------|
| Single Family Residence | \$113.01 | \$83.20 | \$48.36 | \$244.57 |
| Multi Family, 4 unit apartment or condo | \$79.55 | \$62.41 | \$12.09 | \$154.05 |
| Mobile Home Park, 125 unit | \$30.75 | \$41.62 | \$0.39 | \$72.75 |
| Single Family, Bayridge Estates/Vista De Oro Tracts | \$61.32 | \$83.20 | \$0.66 | \$145.18 |
| Low-Load, Non-Resid, 5 tentants, 50k ft ² | \$104.68 | \$92.24 | \$9.67 | \$206.59 |
| Med-Load, Non-Resid, two tentant, 15k ft ² | \$82.16 | \$113.25 | \$24.18 | \$219.59 |
| High-Load, Non-Resid, one tenant, 20k ft ² | \$215.61 | \$431.10 | \$48.36 | \$695.08 |
| Special User (septage) | \$0.00 | \$2.74 | \$0.00 | \$2.74 |

| User Group | # of Accts | Variable O M & R | Fixed O M & R | Capital Replace. Fund | Debt Service | Debt Service Reserve | Total Annual Revenue | Avg. Monthly Revenue |
|------------------------|-------------|------------------|--------------------|-----------------------|--------------------|----------------------|----------------------|----------------------|
| Single Family | 4289 | \$446,099 | \$1,416,592 | \$158,306 | \$2,060,105 | \$205,098 | \$4,286,200 | \$83.28 |
| Multi Family | 809 | 63,115 | 200,421 | 22,397 | 291,467 | 29,017 | 606,417 | 62.47 |
| Mobile Home | 542 | 28,201 | 89,553 | 10,008 | 130,234 | 12,966 | 270,962 | 41.66 |
| Low-load Non-Resid | 147 | 16,950 | 53,826 | 6,015 | 78,278 | 7,793 | 162,863 | 92.33 |
| Med-load Non-Resid | 5 | 633 | 2,462 | 204 | 2,942 | 341 | 6,582 | 109.70 |
| High-load Non-Resid | 17 | 8,008 | 32,385 | 2,521 | 37,283 | 4,454 | 84,652 | 414.96 |
| Special User (septage) | 749 | 1,994 | 9,759 | 549 | 9,354 | 1,297 | 22,953 | 2.55 |
| Totals | 6558 | \$565,000 | \$1,805,000 | \$200,000 | \$2,609,662 | \$260,966 | \$5,440,628 | \$69.13 |

ITEM 9: Election/Proposition 218 Legal Opinion

SEE ATTACHED LETTERS

Attachment C-Items 9 and 17: Letter From County Counsel, County of San Luis Obispo;
February 27, 2009

Attachment D-Items 9 and 17: Letter From Samuel A. Sperry, Meyers/Nave; March 22, 2010

ITEM 10: Draft Dedicated Source of Funds Resolution

RESOLUTION NO.

A RESOLUTION DESIGNATING THE CHAIRPERSON AS SIGNATORY FOR A STATE OF CALIFORNIA CLEAN WATER STATE REVOLVING FUND LOAN TO THE LOS OSOS WASTEWATER PROJECT AND DESIGNATING THE COUNTY DIRECTOR OF PUBLIC WORKS TO PERFORM VARIOUS ADMINISTRATIVE FUNCTIONS REGARDING THE LOAN AND DEDICATING A SOURCE OF FUNDS FOR REPAYMENT OF THE LOAN

RECITALS:

The following Resolution is now offered and read:

WHEREAS, the Clean Water State Revolving Fund loan program has been established to provide financial assistance for the construction of facilities which benefit water quality in the State of California, including wastewater projects; and

WHEREAS, the State of California, acting by and through the State Water Resources Control Board, requires the adopted resolution dedicating sources of revenue; and

WHEREAS, the County of San Luis Obispo has authority to construct, operate, and maintain the Los Osos Wastewater Project (Project), pursuant to CA Government Code § 25825.5, enacted as Assembly Bill 2701 (Blakeslee, 2006); and

WHEREAS, on *****date*****, your Board adopted Resolution *********, completing the due-diligence process required under Assembly Bill 2710 and determining to complete the Project; and

WHEREAS, the State Water Resources Control Board has determined that the Los Osos Wastewater Project is eligible for a low interest loan of \$xx,xxx,xxx; and

WHEREAS, this funding offer is contingent on the following:

- 1) Written designation of individual(s) with legal authority to:
 - a) sign the Clean Water State Revolving Fund Loan Contract
 - b) approve the Claims for Reimbursement
 - c) sign the Budget and Expenditure Summary
 - d) sign the Contractor's Release Form
 - e) sign the certification that the project is complete and ready for final inspection
- 2) Dedicating a source of repayment for the loan

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of San Luis Obispo, State of California, as follows:

1. The Chairperson is designated to sign the Clean Water State Revolving Fund Loan Contract, amendments and all other documents pertaining to the State Revolving Fund loan agreement.
2. The County Director of Public Works is designated to approve the Claims for Reimbursement, sign the Budget and Expenditure Summary, sign the Contractor's Release Form, and sign the certification that the project is complete and ready for final inspection.
3. Any and all said contracts and releases shall be approved as to form by the County Counsel's office.
4. Net revenues consisting primarily of property assessments and user charges are hereby dedicated as the source of repayment for any and all Clean Water State Revolving Fund loan agreements on the Project, specifically, Project Nos. C-06-5230-110 (Collection System), C-06-5230-120 (Treatment Facility), and C-06-5230-130 (Effluent Reuse and Disposal). Said revenues will be adjusted as necessary to satisfy debt service over the term of the loan. This dedication shall remain in full force and effect until such loan is fully discharged, unless modification or change of such dedication is approved in writing by the State of California. If, for any reason, said source of revenues prove insufficient to satisfy the debt service of the Clean Water State Revolving Fund loan, sufficient funds shall be raised through increased wastewater rates, user charges, or assessments, or any other legal means available to meet this loan obligation and to operate and maintain this Project.

Upon motion of Supervisor _____, seconded by Supervisor _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing Resolution is hereby adopted.

Chairperson of the Board of Supervisors

ATTEST:

Clerk of the Board of Supervisors

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

WARREN R. JENSEN
County Counsel

By: _____
Deputy County Counsel

Dated: _____

ITEM 11: Other Sources of Security, if Needed: Land, Bonds, Etc.

NOT APPLICABLE: No other sources of security needed.

ITEM 12: Financial Statements, Most Recent 3 – years

Audited Comprehensive Annual Financial Reports are posted by the County Auditor-Controller on the County website at:

http://www.slocounty.ca.gov/AC/Financial_Reports.htm

ITEM 13: Cash Reserves and Uses

NOT APPLICABLE: There are no existing cash reserves for the Project.

ITEM 14: Schedule of System Obligations

NOT APPLICABLE: There are no existing system obligations.

ITEM 15: Bond Counsel Legal Opinion Regarding Long-Term Indebtedness

SEE ATTACHED LETTER

Attachment E-Items 15 and 16: Letter From Samuel A. Sperry, Meyers/Nave; April 27, 2009

ITEM 16: Debt Documents

SEE ATTACHED LETTER

Attachment E-Items 15 and 16: Letter From Samuel A. Sperry, Meyers/Nave; April 27, 2009

ITEM 17: Litigation/Tax Payer Dispute (Pending or Anticipated)

SEE ATTACHED LETTERS

Attachment C-Items 9 and 17: Letter From County Counsel, County of San Luis Obispo; February 27, 2009

Attachment D-Items 9 and 17: Letter From Samuel A. Sperry, Meyers/Nave; March 22, 2010

ITEM 18: Future Capital Improvements/Long Term Indebtedness

NOT APPLICABLE: There are no plans for future capital improvements, beyond the Project currently considered for financing.

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ATTACHMENT A-Item 1

SHORT-LIVED ASSET REPLACEMENT COSTS

| Table A.1 Short-Lived Asset Reserve Schedule | | | | | | | | | | |
|---|--------------------|-------------------|-------------|-------|-------|--------------------------|----------------|-------------|---------|---------|
| Facility/Components | | Overall Life Span | Service Age | | | Type of Service Required | Equipment Cost | Service Age | | |
| | | | 5 | 10 | 15 | | | 5 | 10 | 15 |
| | | | Total | Total | Total | | | | | |
| Pocket Pump Stations | | | | | | | | | | |
| 04A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| | Grinder Pump No. 3 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 07A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 08A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 09A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| | Grinder Pump No. 3 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 09B | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 09C | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 10A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |

| Table A.1 Short-Lived Asset Reserve Schedule | | | | | | | | | | |
|---|--------------------|-------------------|-------------|-------|-------|--------------------------|----------------|-------------|---------|---------|
| Facility/Components | | Overall Life Span | Service Age | | | Type of Service Required | Equipment Cost | Service Age | | |
| | | | 5 | 10 | 15 | | | 5 | 10 | 15 |
| | | | Total | Total | Total | | | Total | Total | Total |
| 11A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 12A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 13A | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 13B | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| 15B | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| Palisades | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | X | | Unit Replacement | \$2,000 | \$0 | \$2,000 | \$0 |
| | Grinder Pump No. 2 | 15 | | | X | Unit Replacement | \$2,000 | \$0 | \$0 | \$2,000 |
| Spare Pumps (All Pocket Pump Stations) | | | | | | | | | | |
| | Grinder Pump No. 1 | 15 | | | | Unit Replacement | \$2,000 | \$0 | \$0 | \$0 |
| | Grinder Pump No. 2 | 15 | | | | Unit Replacement | \$2,000 | \$0 | \$0 | \$0 |
| | Grinder Pump No. 3 | 15 | | | | Unit Replacement | \$2,000 | \$0 | \$0 | \$0 |
| | Grinder Pump No. 4 | 15 | | | | Unit Replacement | \$2,000 | \$0 | \$0 | \$0 |

| Table A.1 Short-Lived Asset Reserve Schedule | | | | | | | | | |
|---|-------------------|-------------|-------|-------|--------------------------|----------------|-------------|----------|----------|
| Facility/Components | Overall Life Span | Service Age | | | Type of Service Required | Equipment Cost | Service Age | | |
| | | 5 | 10 | 15 | | | 5 | 10 | 15 |
| | | Total | Total | Total | | | Total | Total | Total |
| Grinder Pump No. 5 | 15 | | | | Unit Replacement | \$2,000 | \$0 | \$0 | \$0 |
| West Paso Pump Station | | | | | | | | | |
| Pump No. 1 | 15 | | X | | Unit Replacement | \$37,000 | \$0 | \$37,000 | \$0 |
| Pump No. 2 | 15 | | | X | Unit Replacement | \$37,000 | \$0 | \$0 | \$37,000 |
| Pump No. 3 | 15 | | | X | Unit Replacement | \$37,000 | \$0 | \$0 | \$37,000 |
| East Paso Pump Station | | | | | | | | | |
| Pump No. 1 | 15 | | X | | Unit Replacement | \$7,100 | \$0 | \$7,100 | \$0 |
| Pump No. 2 | 15 | | | X | Unit Replacement | \$7,100 | \$0 | \$0 | \$7,100 |
| Baywood Pump Station | | | | | | | | | |
| Pump No. 1 | 15 | | X | | Unit Replacement | \$4,300 | \$0 | \$4,300 | \$0 |
| Pump No. 2 | 15 | | | X | Unit Replacement | \$4,300 | \$0 | \$0 | \$4,300 |
| Santa Ysabel Pump Station | | | | | | | | | |
| Pump No. 1 | 15 | | X | | Unit Replacement | \$7,100 | \$0 | \$7,100 | \$0 |
| Pump No. 2 | 15 | | | X | Unit Replacement | \$7,100 | \$0 | \$0 | \$7,100 |
| Lupine Pump Station | | | | | | | | | |
| Pump No. 1 | 15 | | X | | Unit Replacement | \$19,000 | \$0 | \$19,000 | \$0 |
| Pump No. 2 | 15 | | | X | Unit Replacement | \$19,000 | \$0 | \$0 | \$19,000 |
| Pump No. 3 | 15 | | | X | Unit Replacement | \$19,000 | \$0 | \$0 | \$19,000 |
| Solano Pump Station | | | | | | | | | |
| Pump No. 1 | 15 | | X | | Unit Replacement | \$19,000 | \$0 | \$19,000 | \$0 |
| Pump No. 2 | 15 | | | X | Unit Replacement | \$19,000 | \$0 | \$0 | \$19,000 |
| Mountain Viewm Pump Station | | | | | | | | | |
| Pump No. 1 | 15 | | X | | Unit Replacement | \$4,300 | \$0 | \$4,300 | \$0 |

| Table A.1 Short-Lived Asset Reserve Schedule | | | | | | | | | | |
|---|-----------------------------|-------------------|-------------|----|----|--------------------------|----------------|-------------|-----------|----------|
| Facility/Components | | Overall Life Span | Service Age | | | Type of Service Required | Equipment Cost | Service Age | | |
| | | | 5 | 10 | 15 | | | 5 | 10 | 15 |
| | | | | | | | Total | Total | Total | |
| | Pump No. 2 | 15 | | | X | Unit Replacement | \$4,300 | \$0 | \$0 | \$4,300 |
| Sunny Oaks Pump Station | | | | | | | | | | |
| | Pump No. 1 | 15 | | X | | Unit Replacement | \$4,300 | \$0 | \$4,300 | \$0 |
| | Pump No. 2 | 15 | | | X | Unit Replacement | \$4,300 | \$0 | \$0 | \$4,300 |
| Mid Town Pump Station | | | | | | | | | | |
| | Pump No. 1 | 15 | | X | | Unit Replacement | \$50,000 | \$0 | \$50,000 | \$0 |
| | Pump No. 2 | 15 | | X | | Unit Replacement | \$50,000 | \$0 | \$50,000 | \$0 |
| | Pump No. 3 | 15 | | | X | Unit Replacement | \$50,000 | \$0 | \$0 | \$50,000 |
| | Pump No. 4 | 15 | | | X | Unit Replacement | \$50,000 | \$0 | \$0 | \$50,000 |
| | Pump No. 5 | 15 | | | X | Unit Replacement | \$50,000 | \$0 | \$0 | \$50,000 |
| | Mag Meter | 15 | | | X | Unit Replacement | \$6,000 | \$0 | \$0 | \$6,000 |
| Headworks | | | | | | | | | | |
| Influent Pump Station | | | | | | | | | | |
| | Influent Pump No. 1 | 15 | | X | | Unit Replacement | \$19,000 | \$0 | \$19,000 | \$0 |
| | Influent Pump No. 2 | 15 | | X | | Unit Replacement | \$19,000 | \$0 | \$19,000 | \$0 |
| | Influent Pump No. 3 | 15 | | | X | Unit Replacement | \$19,000 | \$0 | \$0 | \$19,000 |
| | Influent Pump No. 4 | 15 | | | X | Unit Replacement | \$19,000 | \$0 | \$0 | \$19,000 |
| Influent Screening | | | | | | | | | | |
| | Mechanical Bar Screen | 10 | | X | | Unit Replacement | \$138,000 | \$0 | \$138,000 | \$0 |
| | Screenings Washer/Compactor | 10 | | X | | Unit Replacement | \$62,000 | \$0 | \$62,000 | \$0 |
| Odor Control | | | | | | | | | | |

| Table A.1 Short-Lived Asset Reserve Schedule | | | | | | | | | | |
|---|------------------------|-------------------|-------------|-------|-------|---|----------------|-------------|----------|----------|
| Facility/Components | | Overall Life Span | Service Age | | | Type of Service Required | Equipment Cost | Service Age | | |
| | | | 5 | 10 | 15 | | | 5 | 10 | 15 |
| | | | Total | Total | Total | | | | | |
| | Headworks Supply Fan | 15 | | | X | Motor Replacement/ Major Mechanical Refurbishment | \$9,000 | \$0 | \$0 | \$3,600 |
| | Headworks Exhaust Fan | 15 | | | X | Unit Replacement | \$9,000 | \$0 | \$0 | \$9,000 |
| Septage Receiving | | | | | | | | | | |
| | Septage Receiving Tank | 30 | | | | | | | | |
| | Septage Transfer Pump | 15 | | | X | Unit Replacement | \$16,000 | \$0 | \$0 | \$16,000 |
| Oxidation Ditch No. 1 | | | | | | | | | | |
| | Anoxic Mixer No. 1 | 20 | | | | | | | | |
| | Anoxic Mixer No. 2 | 20 | | | | | | | | |
| | Aerator No. 1 | 20 | | X | | Minor Mechanical Refurbishment | \$121,000 | \$0 | \$18,150 | \$0 |
| | Aerator No. 2 | 20 | | | X | Minor Mechanical Refurbishment | \$121,000 | \$0 | \$0 | \$18,150 |
| Oxidation Ditch No. 2 | | | | | | | | | | |
| | Anoxic Mixer No. 1 | 20 | | | | | | | | |
| | Anoxic Mixer No. 2 | 20 | | | | | | | | |
| | Aerator No. 1 | 20 | | X | | Minor Mechanical Refurbishment | \$121,000 | \$0 | \$18,150 | \$0 |
| | Aerator No. 2 | 20 | | | X | Minor Mechanical Refurbishment | \$121,000 | \$0 | \$0 | \$18,150 |
| Secondary Clarifier No. 1 | | | | | | | | | | |
| | Clarifier Mechanism | 20 | | | | | | | | |
| | Scum Pump | 15 | | X | | Unit Replacement | \$8,000 | \$0 | \$8,000 | \$0 |
| Secondary Clarifier No. 2 | | | | | | | | | | |

| Table A.1 Short-Lived Asset Reserve Schedule | | | | | | | | | | |
|---|-----------------------------|-------------------|-------------|-------|-------|---|----------------|-------------|----------|----------|
| Facility/Components | | Overall Life Span | Service Age | | | Type of Service Required | Equipment Cost | Service Age | | |
| | | | 5 | 10 | 15 | | | 5 | 10 | 15 |
| | | | Total | Total | Total | | | | | |
| Odor Control | | | | | | | | | | |
| | Solids Building Supply Fan | 15 | | | X | Motor Replacement/ Major Mechanical Refurbishment | \$9,000 | \$0 | \$0 | \$3,600 |
| | Solids Building Exhaust Fan | 15 | | | X | Unit Replacement | \$9,000 | \$0 | \$0 | \$9,000 |
| Tertiary Filtration | | | | | | | | | | |
| | Disk Filter Unit No. 1 | 5 | X | | | Unit Replacement | \$8,000 | \$8,000 | \$0 | \$0 |
| | Disk Filter Unit No. 2 | 5 | X | | | Unit Replacement | \$8,000 | \$8,000 | \$0 | \$0 |
| Disinfection | | | | | | | | | | |
| | NaOCl Storage Tank | 30 | | | | | | | | |
| | NaOCl Feed Pump No. 1 | 10 | | X | | Unit Replacement | \$12,000 | \$0 | \$12,000 | \$0 |
| | NaOCl Feed Pump No. 2 | 10 | | X | | Unit Replacement | \$12,000 | \$0 | \$12,000 | \$0 |
| | UV Bank No. 1 | 5 | X | | | Unit Replacement | \$163,320 | \$163,320 | \$0 | \$0 |
| | UV Bank No. 2 | 5 | X | | | Unit Replacement | \$163,320 | \$163,320 | \$0 | \$0 |
| | UV Bank No. 3 | 5 | X | | | Unit Replacement | \$163,320 | \$163,320 | \$0 | \$0 |
| Effluent Pump Station | | | | | | | | | | |
| | Effluent Pump No. 1 | 25 | | X | | Motor Replacement/ Major Mechanical Refurbishment | \$80,000 | \$0 | \$32,000 | \$0 |
| | Effluent Pump No. 2 | 25 | | | X | Motor Replacement/ Major Mechanical Refurbishment | \$80,000 | \$0 | \$0 | \$32,000 |
| | Effluent Pump No. 3 | 25 | | | X | Motor Replacement/ Major Mechanical Refurbishment | \$80,000 | \$0 | \$0 | \$32,000 |

| Table A.1 Short-Lived Asset Reserve Schedule | | | | | | | | | | |
|--|---------------------------|-------------------|-------------|----|----|--|----------------|------------------|------------------|------------------|
| Facility/Components | | Overall Life Span | Service Age | | | Type of Service Required | Equipment Cost | Service Age | | |
| | | | 5 | 10 | 15 | | | 5 | 10 | 15 |
| | | | | | | | Total | Total | Total | |
| | Plant Water Pump No. 1 | 25 | | X | | Motor Replacement/Major Mechanical Refurbishment | \$21,000 | \$0 | \$8,400 | \$0 |
| | Plant Water Pump No. 2 | 25 | | | X | Motor Replacement/Major Mechanical Refurbishment | \$21,000 | \$0 | \$0 | \$8,400 |
| Potable/Fire Water Storage | | | | | | | | | | |
| | Water Storage Tank | 30 | | | | | | | | |
| | Fire Pump (Engine Driven) | 20 | | | | | | | | |
| Storm Water Pump Station | | | | | | | | | | |
| | Storm Water Pump No. 1 | 20 | | | | | | | | |
| | Storm Water Pump No. 2 | 20 | | | X | Unit Replacement | \$15,000 | \$0 | \$0 | \$15,000 |
| Totals | | | | | | | | | | |
| Total Cost per Replacement Period | | | | | | | | \$506,000 | \$603,000 | \$672,000 |
| Annual Cost per Replacement Period | | | | | | | | \$101,200 | \$60,300 | \$44,800 |
| Total Annual Short-Lived Assets Reserve Fund Allocation | | | | | | | | \$206,300 | | |

ATTACHMENT B-Item 8

**USER CHARGE REVENUE TABLES
(PROPOSED AND WORST-CASE)**

FORM 2 Annual O. M. & R. and Non-operating Costs

Agency: **Los Osos - User Charges (O&M and General Benefits)**

FORM 2

| Cost Category | Current Annual Costs | First Year Of Full Operation |
|--|----------------------|------------------------------|
| 1. TREATMENT FACILITIES: | | |
| (a) Fixed O & M Costs (labor) | \$0 | \$400,000 |
| (b) Variable O & M Costs (energy & hauling) | 0 | 505,000 |
| (c) Replacement Costs (maint, filters, solids) | 0 | 625,000 |
| (d) Subtotal Treatment | \$0 | \$1,530,000 |
| 2. COLLECTION SYSTEM: | | |
| (e) Fixed O & M Costs (labor) | \$0 | \$170,000 |
| (f) Variable O & M Costs (energy) | 0 | 60,000 |
| (g) Replacement Costs | 0 | 200,000 |
| (h) Subtotal Collection | \$0 | \$430,000 |
| 3. MISCELLANEOUS: | | |
| (i) Overhead/Indirect | \$0 | \$300,000 |
| (j) Operating Reserve | 0 | 50,000 |
| (k) Other (allowances, habitat mitigation) | 0 | 60,000 |
| (l) Subtotal Miscellaneous | \$0 | \$410,000 |
| 4. TOTAL - Variable Costs | \$0 | \$565,000 |
| 5. TOTAL - Fixed Costs | \$0 | \$1,805,000 |
| 6. TOTAL O. M. & R. Costs: | \$0 | \$2,370,000 |
| 7. CAPITAL REPLACEMENT FUND: | \$0 | \$200,000 |
| 8. DEBT SERVICE: | | |
| (m) Collected with User Fees | \$0 | \$885,533 |
| (n) Collected from Other Sources | 0 | 0 |
| (o) Total debt service | \$0 | \$885,533 |
| 9. WASTEWATER CAPITAL RESERVE FUND: | \$0 | \$88,553 |

FORM 4 Unit Cost Determination

Agency: Los Osos - User Charges (O&M and General Benefits)

FORM 4

| COST CATEGORY | PARAMETER ALLOCATION PERCENTAGES | ANNUAL COST ALLOCATED TO EACH PARAMETER | TOTAL ANNUAL QUANTITIES EXC. INFILT/INFLOW AND FUTURE FLOW | UNIT COST FOR EACH PARAMETER |
|---|----------------------------------|---|--|------------------------------|
| 1. Variable O&M Costs | | \$565,000 | | |
| (a) Flow | 73.70% | 416,405 | 254.735 | \$1,634.66 |
| (b) BOD | 26.30% | 148,595 | 573.001 | \$259.33 |
| (c) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (d) I/I | 0.00% | 0 | | |
| (e) Other | 0.00% | 0 | | |
| 2. Fixed O & M Costs | | \$1,805,000 | | |
| (f) Flow | 56.90% | 1,027,045 | 254.735 | \$4,031.82 |
| (g) BOD | 43.10% | 777,955 | 573.001 | \$1,357.68 |
| (h) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (i) I/I | 0.00% | 0 | | |
| (j) Other | 0.00% | 0 | | |
| 3. Capital Replacement Fund | | \$200,000 | | |
| (k) Flow | 80.70% | \$161,400 | 254.735 | \$633.60 |
| (l) BOD | 19.30% | \$38,600 | 573.001 | \$67.36 |
| (m) SS | 0.00% | \$0 | 2.126 | \$0.00 |
| (n) I/I | 0.00% | 0 | | |
| (o) Other | 0.00% | 0 | | |
| 4. Wastewater Capital Reserve Fund | | \$88,553 | | |
| (k) Flow | 60.80% | \$53,840 | 254.735 | \$211.36 |
| (l) BOD | 39.20% | 34,713 | 573.001 | \$60.58 |
| (m) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (n) I/I | 0.00% | 0 | | |
| (o) Other | 0.00% | 0 | | |
| 5. Debt Service (existing users portion) | | \$885,533 | | |
| (p) Flow | 73.20% | 648,210 | 254.735 | \$2,544.64 |
| (q) BOD | 26.80% | 237,323 | 573.001 | \$414.17 |
| (r) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (s) I/I | 0.00% | 0 | | |
| (t) Other | 0.00% | 0 | | |

FORM 5v Summary of Variable Portion of O. M. & R. Costs.

Agency: Los Osos - User Charges

FORM 5v

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------|-----------|-----------------------------|-----------|---------------------------|------|------------|
| | | Unit Cost \$/Mgal= \$1,634.66 | | Unit Cost \$/Klb = \$259.33 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$331,865 | 440.50 | \$114,234 | 1.69 | \$0 | \$446,099 |
| 809 | Multi Family Residential | 28.72 | 46,953 | 62.32 | 16,162 | 0.24 | 0 | 63,115 |
| 542 | Mobile Homes | 12.83 | 20,980 | 27.85 | 7,222 | 0.11 | 0 | 28,201 |
| 147 | Low-Load Non Residential | 7.71 | 12,610 | 16.74 | 4,341 | 0.06 | 0 | 16,950 |
| 5 | Medium-Load Non Residential | 0.19 | 307 | 1.26 | 326 | 0.00 | 0 | 633 |
| 17 | High-Load Non Residential | 2.11 | 3,446 | 17.59 | 4,562 | 0.02 | 0 | 8,008 |
| 749 | Special Users (Septage) | 0.15 | 245 | 6.74 | 1,749 | 0.00 | 0 | 1,994 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$416,405 | 573.00 | \$148,595 | 2.13 | \$0 | \$565,000 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$416,405 | 573.00 | \$148,595 | 2.13 | \$0 | \$565,000 |

FORM 5F Summary of Fixed Portion of O. M. & R. Costs.

Agency: Los Osos - User Charges

FORM 5f

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------|-------------|-------------------------------|-----------|---------------------------|------|-------------|
| | | Unit Cost \$/Mgal= \$4,031.82 | | Unit Cost \$/Klb = \$1,357.68 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$818,530 | 440.50 | \$598,062 | 1.69 | \$0 | \$1,416,592 |
| 809 | Multi Family Residential | 28.72 | 115,807 | 62.32 | 84,615 | 0.24 | 0 | 200,421 |
| 542 | Mobile Homes | 12.83 | 51,745 | 27.85 | 37,808 | 0.11 | 0 | 89,553 |
| 147 | Low-Load Non Residential | 7.71 | 31,102 | 16.74 | 22,725 | 0.06 | 0 | 53,826 |
| 5 | Medium-Load Non Residential | 0.19 | 758 | 1.26 | 1,704 | 0.00 | 0 | 2,462 |
| 17 | High-Load Non Residential | 2.11 | 8,500 | 17.59 | 23,886 | 0.02 | 0 | 32,385 |
| 749 | Special Users (Septage) | 0.15 | 603 | 6.74 | 9,156 | 0.00 | 0 | 9,759 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$1,027,045 | 573.00 | \$777,955 | 2.13 | \$0 | \$1,805,000 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$1,027,045 | 573.00 | \$777,955 | 2.13 | \$0 | \$1,805,000 |

FORM 5c Summary of Capital Replacement Fund Costs.

Agency: Los Osos - User Charges

FORM 5c

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-----------------------------|-----------|----------------------------|----------|---------------------------|------|------------|
| | | Unit Cost \$/Mgal= \$633.60 | | Unit Cost \$/Klb = \$67.36 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$128,632 | 440.50 | \$29,674 | 1.69 | \$0 | \$158,306 |
| 809 | Multi Family Residential | 28.72 | 18,199 | 62.32 | 4,198 | 0.24 | 0 | 22,397 |
| 542 | Mobile Homes | 12.83 | 8,132 | 27.85 | 1,876 | 0.11 | 0 | 10,008 |
| 147 | Low-Load Non Residential | 7.71 | 4,888 | 16.74 | 1,128 | 0.06 | 0 | 6,015 |
| 5 | Medium-Load Non Residential | 0.19 | 119 | 1.26 | 85 | 0.00 | 0 | 204 |
| 17 | High-Load Non Residential | 2.11 | 1,336 | 17.59 | 1,185 | 0.02 | 0 | 2,521 |
| 749 | Special Users (Septage) | 0.15 | 95 | 6.74 | 454 | 0.00 | 0 | 549 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$161,400 | 573.00 | \$38,600 | 2.13 | \$0 | \$200,000 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$161,400 | 573.00 | \$38,600 | 2.13 | \$0 | \$200,000 |

FORM 5d Summary of Debt Service Fund Costs.

Agency: Los Osos - User Charges

FORM 5d

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------|-----------|-----------------------------|-----------|---------------------------|------|------------|
| | | Unit Cost \$/Mgal= \$2,544.64 | | Unit Cost \$/Klb = \$414.17 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$516,608 | 440.50 | \$182,445 | 1.69 | \$0 | \$699,052 |
| 809 | Multi Family Residential | 28.72 | 73,090 | 62.32 | 25,813 | 0.24 | 0 | 98,903 |
| 542 | Mobile Homes | 12.83 | 32,659 | 27.85 | 11,534 | 0.11 | 0 | 44,192 |
| 147 | Low-Load Non Residential | 7.71 | 19,630 | 16.74 | 6,932 | 0.06 | 0 | 26,562 |
| 5 | Medium-Load Non Residential | 0.19 | 478 | 1.26 | 520 | 0.00 | 0 | 998 |
| 17 | High-Load Non Residential | 2.11 | 5,364 | 17.59 | 7,287 | 0.02 | 0 | 12,651 |
| 749 | Special Users (Septage) | 0.15 | 381 | 6.74 | 2,793 | 0.00 | 0 | 3,174 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$648,210 | 573.00 | \$237,323 | 2.13 | \$0 | \$885,533 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$648,210 | 573.00 | \$237,323 | 2.13 | \$0 | \$885,533 |

FORM 5w Summary of Wastewater Capital Reserve Fund Fund Costs. (Required)

Agency: Los Osos - User Charges

FORM 5d

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-----------------------------|----------|----------------------------|----------|---------------------------|------|------------|
| | | Unit Cost \$/Mgal= \$211.36 | | Unit Cost \$/Klb = \$60.58 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$42,909 | 440.50 | \$26,686 | 1.69 | \$0 | \$69,595 |
| 809 | Multi Family Residential | 28.72 | 6,071 | 62.32 | 3,776 | 0.24 | 0 | 9,846 |
| 542 | Mobile Homes | 12.83 | 2,713 | 27.85 | 1,687 | 0.11 | 0 | 4,400 |
| 147 | Low-Load Non Residential | 7.71 | 1,630 | 16.74 | 1,014 | 0.06 | 0 | 2,644 |
| 5 | Medium-Load Non Residential | 0.19 | 40 | 1.26 | 76 | 0.00 | 0 | 116 |
| 17 | High-Load Non Residential | 2.11 | 446 | 17.59 | 1,066 | 0.02 | 0 | 1,511 |
| 749 | Special Users (Septage) | 0.15 | 32 | 6.74 | 409 | 0.00 | 0 | 440 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$53,840 | 573.00 | \$34,713 | 2.13 | \$0 | \$88,553 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$53,840 | 573.00 | \$34,713 | 2.13 | \$0 | \$88,553 |

FORM 6 Summary of Total Annual Revenue Required

Agency: Los Osos - User Charges (O&M and General Benefits)

FORM 6

| Number of Accounts | USER GROUPS | VARIABLE O. M. & R. COSTS | FIXED O. M. & R. COSTS | CAPITAL REPLACEMENT FUND | DEBT SERVICE COSTS | WTR CAPITAL RESERVE FUND | TOTAL ANNUAL REVENUE REQUIRED | AVG ANNUAL REVENUE REQUIRED | AVG MONTHLY REVENUE REQUIRED |
|--------------------|-----------------------------|---------------------------|------------------------|--------------------------|--------------------|--------------------------|-------------------------------|-----------------------------|------------------------------|
| 4289 | Single Family Residential | \$446,099 | \$1,416,592 | \$158,306 | \$699,052 | \$69,595 | \$2,789,645 | \$650 | \$54.20 |
| 809 | Multi Family Residential | 63,115 | 200,421 | 22,397 | 98,903 | 9,846 | 394,683 | 488 | 40.66 |
| 542 | Mobile Homes | 28,201 | 89,553 | 10,008 | 44,192 | 4,400 | 176,354 | 325 | 27.11 |
| 147 | Low-Load Non Residential | 16,950 | 53,826 | 6,015 | 26,562 | 2,644 | 105,998 | 721 | 60.09 |
| 5 | Medium-Load Non Residential | 633 | 2,462 | 204 | 998 | 116 | 4,413 | 883 | 73.55 |
| 17 | High-Load Non Residential | 8,008 | 32,385 | 2,521 | 12,651 | 1,511 | 57,077 | 3,357 | 279.79 |
| 749 | Special Users (Septage) | 1,994 | 9,759 | 549 | 3,174 | 440 | 15,916 | 21 | 1.77 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 6558 | SUBTOTALS | \$565,000 | \$1,805,000 | \$200,000 | \$885,533 | \$88,553 | \$3,544,086 | \$540 | \$45.04 |
| 0 | Special users | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Special users II | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Special users III | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Special users IV | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Infiltration/Inflow | | | | | | | | |
| 0 | Future flow | | | | | | | | |
| 6558 | TOTALS | \$565,000 | \$1,805,000 | \$200,000 | \$885,533 | \$88,553 | \$3,544,086 | \$540 | \$45.04 |

FORM 2 Annual O. M. & R. and Non-operating Costs

Worst-Case

Agency: **Los Osos - User Charges (O&M and General Benefits)**

FORM 2

| Cost Category | Current Annual Costs | First Year Of Full Operation |
|--|----------------------|------------------------------|
| 1. TREATMENT FACILITIES: | | |
| (a) Fixed O & M Costs (labor) | \$0 | \$400,000 |
| (b) Variable O & M Costs (energy & hauling) | \$0 | 505,000 |
| (c) Replacement Costs (maint, filters, solids) | \$0 | 625,000 |
| (d) Subtotal Treatment | \$0 | \$1,530,000 |
| 2. COLLECTION SYSTEM: | | |
| (e) Fixed O & M Costs (labor) | \$0 | \$170,000 |
| (f) Variable O & M Costs (energy) | 0 | 60,000 |
| (g) Replacement Costs | 0 | 200,000 |
| (h) Subtotal Collection | \$0 | \$430,000 |
| 3. MISCELLANEOUS: | | |
| (i) Overhead/Indirect | \$0 | \$300,000 |
| (j) Operating Reserve | 0 | 50,000 |
| (k) Other (allowances, habitat mitigation) | 0 | 60,000 |
| (l) Subtotal Miscellaneous | \$0 | \$410,000 |
| 4. TOTAL - Variable Costs | \$0 | \$565,000 |
| 5. TOTAL - Fixed Costs | \$0 | \$1,805,000 |
| 6. TOTAL O. M. & R. Costs: | \$0 | \$2,370,000 |
| 7. CAPITAL REPLACEMENT FUND: | \$0 | \$200,000 |
| 8. DEBT SERVICE: | | |
| (m) Collected with User Fees | \$0 | \$2,797,259 |
| (n) Collected from Other Sources | 0 | \$0 |
| (o) Total debt service | \$0 | \$2,797,259 |
| 9. WASTEWATER CAPITAL RESERVE FUND: | \$0 | \$279,726 |

FORM 4 Unit Cost Determination

Worst-Case

Agency: Los Osos - User Charges (O&M and General Benefits)

FORM 4

| COST CATEGORY | PARAMETER ALLOCATION PERCENTAGES | ANNUAL COST ALLOCATED TO EACH PARAMETER | TOTAL ANNUAL QUANTITIES EXC. INFILT/INFLOW AND FUTURE FLOW | UNIT COST FOR EACH PARAMETER |
|---|----------------------------------|---|--|------------------------------|
| 1. Variable O&M Costs | | \$565,000 | | |
| (a) Flow | 73.70% | 416,405 | 254.735 | \$1,634.66 |
| (b) BOD | 26.30% | 148,595 | 573.001 | \$259.33 |
| (c) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (d) I/I | 0.00% | 0 | | |
| (e) Other | 0.00% | 0 | | |
| 2. Fixed O & M Costs | | \$1,805,000 | | |
| (f) Flow | 56.90% | 1,027,045 | 254.735 | \$4,031.82 |
| (g) BOD | 43.10% | 777,955 | 573.001 | \$1,357.68 |
| (h) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (i) I/I | 0.00% | 0 | | |
| (j) Other | 0.00% | 0 | | |
| 3. Capital Replacement Fund | | \$200,000 | | |
| (k) Flow | 80.70% | \$161,400 | 254.735 | \$633.60 |
| (l) BOD | 19.30% | \$38,600 | 573.001 | \$67.36 |
| (m) SS | 0.00% | \$0 | 2.126 | \$0.00 |
| (n) I/I | 0.00% | 0 | | |
| (o) Other | 0.00% | 0 | | |
| 4. Wastewater Capital Reserve Fund | | \$279,726 | | |
| (k) Flow | 60.80% | \$170,073 | 254.735 | \$667.65 |
| (l) BOD | 39.20% | 109,653 | 573.001 | \$191.37 |
| (m) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (n) I/I | 0.00% | 0 | | |
| (o) Other | 0.00% | 0 | | |
| 5. Debt Service (existing users portion) | | \$2,797,259 | | |
| (p) Flow | 73.20% | 2,047,593 | 254.735 | \$8,038.13 |
| (q) BOD | 26.80% | 749,665 | 573.001 | \$1,308.31 |
| (r) SS | 0.00% | 0 | 2.126 | \$0.00 |
| (s) I/I | 0.00% | 0 | | |
| (t) Other | 0.00% | 0 | | |

FORM 5v Summary of Variable Portion of O. M. & R. Costs.

Worst-Case

Agency: Los Osos - User Charges

FORM 5v

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------|-----------|-----------------------------|-----------|---------------------------|------|------------|
| | | Unit Cost \$/Mgal= \$1,634.66 | | Unit Cost \$/Klb = \$259.33 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$331,865 | 440.50 | \$114,234 | 1.69 | \$0 | \$446,099 |
| 809 | Multi Family Residential | 28.72 | 46,953 | 62.32 | 16,162 | 0.24 | 0 | 63,115 |
| 542 | Mobile Homes | 12.83 | 20,980 | 27.85 | 7,222 | 0.11 | 0 | 28,201 |
| 147 | Low-Load Non Residential | 7.71 | 12,610 | 16.74 | 4,341 | 0.06 | 0 | 16,950 |
| 5 | Medium-Load Non Residential | 0.19 | 307 | 1.26 | 326 | 0.00 | 0 | 633 |
| 17 | High-Load Non Residential | 2.11 | 3,446 | 17.59 | 4,562 | 0.02 | 0 | 8,008 |
| 749 | Special Users (Septage) | 0.15 | 245 | 6.74 | 1,749 | 0.00 | 0 | 1,994 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$416,405 | 573.00 | \$148,595 | 2.13 | \$0 | \$565,000 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$416,405 | 573.00 | \$148,595 | 2.13 | \$0 | \$565,000 |

FORM 5F Summary of Fixed Portion of O. M. & R. Costs.

Worst-Case

Agency: Los Osos - User Charges

FORM 5f

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------|--------------------|-------------------------------|------------------|---------------------------|------------|--------------------|
| | | Unit Cost \$/Mgal= \$4,031.82 | | Unit Cost \$/Klb = \$1,357.68 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$818,530 | 440.50 | \$598,062 | 1.69 | \$0 | \$1,416,592 |
| 809 | Multi Family Residential | 28.72 | 115,807 | 62.32 | 84,615 | 0.24 | 0 | 200,421 |
| 542 | Mobile Homes | 12.83 | 51,745 | 27.85 | 37,808 | 0.11 | 0 | 89,553 |
| 147 | Low-Load Non Residential | 7.71 | 31,102 | 16.74 | 22,725 | 0.06 | 0 | 53,826 |
| 5 | Medium-Load Non Residential | 0.19 | 758 | 1.26 | 1,704 | 0.00 | 0 | 2,462 |
| 17 | High-Load Non Residential | 2.11 | 8,500 | 17.59 | 23,886 | 0.02 | 0 | 32,385 |
| 749 | Special Users (Septage) | 0.15 | 603 | 6.74 | 9,156 | 0.00 | 0 | 9,759 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$1,027,045 | 573.00 | \$777,955 | 2.13 | \$0 | \$1,805,000 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$1,027,045 | 573.00 | \$777,955 | 2.13 | \$0 | \$1,805,000 |

FORM 5c Summary of Capital Replacement Fund Costs.

Worst-Case

Agency: Los Osos - User Charges

FORM 5c

| Number of Accounts | USER GROUPS | FLOW Unit Cost \$/Mgal= \$633.60 | | BOD Unit Cost \$/Klb = \$67.36 | | SS Unit Cost \$/Klb = \$0.00 | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------------|-----------|-----------------------------------|----------|---------------------------------|------|------------|
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$128,632 | 440.50 | \$29,674 | 1.69 | \$0 | \$158,306 |
| 809 | Multi Family Residential | 28.72 | 18,199 | 62.32 | 4,198 | 0.24 | 0 | 22,397 |
| 542 | Mobile Homes | 12.83 | 8,132 | 27.85 | 1,876 | 0.11 | 0 | 10,008 |
| 147 | Low-Load Non Residential | 7.71 | 4,888 | 16.74 | 1,128 | 0.06 | 0 | 6,015 |
| 5 | Medium-Load Non Residential | 0.19 | 119 | 1.26 | 85 | 0.00 | 0 | 204 |
| 17 | High-Load Non Residential | 2.11 | 1,336 | 17.59 | 1,185 | 0.02 | 0 | 2,521 |
| 749 | Special Users (Septage) | 0.15 | 95 | 6.74 | 454 | 0.00 | 0 | 549 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$161,400 | 573.00 | \$38,600 | 2.13 | \$0 | \$200,000 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$161,400 | 573.00 | \$38,600 | 2.13 | \$0 | \$200,000 |

FORM 5d Summary of Debt Service Fund Costs.

Worst-Case

Agency: Los Osos - User Charges

FORM 5d

| Number of Accounts | USER GROUPS | FLOW | | BOD | | SS | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------|-------------|-------------------------------|-----------|---------------------------|------|-------------|
| | | Unit Cost \$/Mgal= \$8,038.13 | | Unit Cost \$/Klb = \$1,308.31 | | Unit Cost \$/Klb = \$0.00 | | |
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$1,631,883 | 440.50 | \$576,314 | 1.69 | \$0 | \$2,208,197 |
| 809 | Multi Family Residential | 28.72 | 230,881 | 62.32 | 81,538 | 0.24 | 0 | 312,419 |
| 542 | Mobile Homes | 12.83 | 103,163 | 27.85 | 36,433 | 0.11 | 0 | 139,596 |
| 147 | Low-Load Non Residential | 7.71 | 62,007 | 16.74 | 21,898 | 0.06 | 0 | 83,905 |
| 5 | Medium-Load Non Residential | 0.19 | 1,511 | 1.26 | 1,642 | 0.00 | 0 | 3,153 |
| 17 | High-Load Non Residential | 2.11 | 16,946 | 17.59 | 23,017 | 0.02 | 0 | 39,963 |
| 749 | Special Users (Septage) | 0.15 | 1,203 | 6.74 | 8,823 | 0.00 | 0 | 10,026 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$2,047,593 | 573.00 | \$749,665 | 2.13 | \$0 | \$2,797,259 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$2,047,593 | 573.00 | \$749,665 | 2.13 | \$0 | \$2,797,259 |

FORM 5w Summary of Wastewater Capital Reserve Fund Fund Costs. (Required)

Worst-Case

Agency: Los Osos - User Charges

FORM 5d

| Number of Accounts | USER GROUPS | FLOW Unit Cost \$/Mgal= \$667.65 | | BOD Unit Cost \$/Klb = \$191.37 | | SS Unit Cost \$/Klb = \$0.00 | | TOTAL COST |
|--------------------|-----------------------------|-------------------------------------|-----------|------------------------------------|-----------|---------------------------------|------|------------|
| | | Flow, Mgal | Cost | BOD, Klb | Cost | SS, Klb | Cost | |
| 4289 | Single Family Residential | 203.02 | \$135,544 | 440.50 | \$84,297 | 1.69 | \$0 | \$219,841 |
| 809 | Multi Family Residential | 28.72 | 19,177 | 62.32 | 11,926 | 0.24 | 0 | 31,103 |
| 542 | Mobile Homes | 12.83 | 8,569 | 27.85 | 5,329 | 0.11 | 0 | 13,898 |
| 147 | Low-Load Non Residential | 7.71 | 5,150 | 16.74 | 3,203 | 0.06 | 0 | 8,353 |
| 5 | Medium-Load Non Residential | 0.19 | 126 | 1.26 | 240 | 0.00 | 0 | 366 |
| 17 | High-Load Non Residential | 2.11 | 1,408 | 17.59 | 3,367 | 0.02 | 0 | 4,774 |
| 749 | Special Users (Septage) | 0.15 | 100 | 6.74 | 1,291 | 0.00 | 0 | 1,390 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | 0.000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| | | 0.000 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 6558 | SUBTOTALS | 254.73 | \$170,073 | 573.00 | \$109,653 | 2.13 | \$0 | \$279,726 |
| 0 | Special users | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users II | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users III | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Special users IV | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0 |
| 0 | Infiltration/Inflow | | | | | | | |
| 0 | Future flow | | | | | | | |
| 6558 | TOTALS | 254.73 | \$170,073 | 573.00 | \$109,653 | 2.13 | \$0 | \$279,726 |

FORM 6 Summary of Total Annual Revenue Required

Worst-Case

Agency: Los Osos - User Charges (O&M and General Benefits)

FORM 6

| Number of Accounts | USER GROUPS | VARIABLE O. M. & R. COSTS | FIXED O. M. & R. COSTS | CAPITAL REPLACEMENT FUND | DEBT SERVICE COSTS | WTR CAPITAL RESERVE FUND | TOTAL ANNUAL REVENUE REQUIRED | AVG ANNUAL REVENUE REQUIRED | AVG MONTHLY REVENUE REQUIRED |
|--------------------|-----------------------------|---------------------------|------------------------|--------------------------|--------------------|--------------------------|-------------------------------|-----------------------------|------------------------------|
| 4289 | Single Family Residential | \$446,099 | \$1,416,592 | \$158,306 | \$2,208,197 | \$219,841 | \$4,449,035 | \$1,037 | \$86.44 |
| 809 | Multi Family Residential | 63,115 | 200,421 | 22,397 | 312,419 | 31,103 | 629,456 | 778 | 64.84 |
| 542 | Mobile Homes | 28,201 | 89,553 | 10,008 | 139,596 | 13,898 | 281,256 | 519 | 43.24 |
| 147 | Low-Load Non Residential | 16,950 | 53,826 | 6,015 | 83,905 | 8,353 | 169,050 | 1,150 | 95.83 |
| 5 | Medium-Load Non Residential | 633 | 2,462 | 204 | 3,153 | 366 | 6,818 | 1,364 | 113.63 |
| 17 | High-Load Non Residential | 8,008 | 32,385 | 2,521 | 39,963 | 4,774 | 87,652 | 5,156 | 429.67 |
| 749 | Special Users (Septage) | 1,994 | 9,759 | 549 | 10,026 | 1,390 | 23,719 | 32 | 2.64 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| | | 0 | 0 | 0 | 0 | 0 | 0 | #VALUE! | #VALUE! |
| 6558 | SUBTOTALS | \$565,000 | \$1,805,000 | \$200,000 | \$2,797,259 | \$279,726 | \$5,646,984 | \$861 | \$71.76 |
| 0 | Special users | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Special users II | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Special users III | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Special users IV | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | #DIV/0! |
| 0 | Infiltration/Inflow | | | | | | | | |
| 0 | Future flow | | | | | | | | |
| 6558 | TOTALS | \$565,000 | \$1,805,000 | \$200,000 | \$2,797,259 | \$279,726 | \$5,646,984 | \$861 | \$71.76 |

Compare desired scenario with worst case (no second Prop 218) debt service

Agency: Los Osos - User Charges (O&M and General Benefits)

| Number of Accounts | USER GROUP | Desired Average annual Revenue Required | Desired Average monthly Revenue Required | Worst-Case Average annual Revenue Required | Worst-Case Average monthly Revenue Required |
|--------------------|-----------------------------|---|--|--|---|
| 4289 | Single Family Residential | \$650 | \$54.20 | \$1,037 | \$86.44 |
| 809 | Multi Family Residential | \$488 | \$40.66 | \$778 | \$64.84 |
| 542 | Mobile Homes | \$325 | \$27.11 | \$519 | \$43.24 |
| 147 | Low-Load Non Residential | \$721 | \$60.09 | \$1,150 | \$95.83 |
| 5 | Medium-Load Non Residential | \$883 | \$73.55 | \$1,364 | \$113.63 |
| 17 | High-Load Non Residential | \$3,357 | \$279.79 | \$5,156 | \$429.67 |
| 749 | Special Users (Septage) | \$21 | \$1.77 | \$32 | \$2.64 |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 0 | 0 | | | | |
| 6558 | SUBTOTALS | \$540 | \$45.04 | \$861 | \$71.76 |
| 0 | Special users | | | | |
| 0 | Special users II | | | | |
| 0 | Special users III | | | | |
| 0 | Special users IV | | | | |
| 0 | Infiltration/Inflow | | | | |
| 0 | Future flow | | | | |
| 6558 | TOTALS | \$540 | \$45.04 | \$861 | \$71.76 |

ATTACHMENT C-Items 9 and 17

**LETTER FROM COUNTY COUNSEL
COUNTY OF SAN LUIS OBISPO
FEBRUARY 27, 2009**



WARREN R. JENSEN
COUNTY COUNSEL

OFFICE OF THE

COUNTY COUNSEL

COUNTY OF SAN LUIS OBISPO
COUNTY GOVERNMENT CENTER, ROOM D320
SAN LUIS OBISPO, CA 93408
TELEPHONE (805) 781-5400
FAX (805) 781-4221

ASSISTANT
RITA L. NEAL

CHIEF DEPUTY
TIMOTHY McNULTY

DEPUTIES
JAMES B. ORTON
KATHY BOUCHARD
ANN CATHERINE DUGGAN
PATRICK J. FORAN
LESLIE H. KRAUT
SUSAN HOFFMAN
CHERIE J. VALLELUNGA
SHANNON G. MATUSZEWICZ
NINA NEGRANTI
Gary D. Gemberling

February 27, 2009

RECEIVED

MAR - 2 2009

**COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PUBLIC WORKS**

John Waddell, Project Engineer
Los Osos Wastewater Project
Public Works Department
County Government Center, Room 207
1050 Monterey Street
San Luis Obispo, CA 93408

Re: Financial Assistance Application Under Clean Water State Revolving Fund Program

Dear Mr. Waddell:

You have asked me to provide a legal opinion on the following matters relating to the County's Financial Assistance Application to the State Water Resources Control Board for the Los Osos Wastewater Project.

The County has the legal authority to enter into a financing agreement with the State Water Resources Control Board ("SWRCB") under Government Code section 25704 and other applicable law. The County is not required to hold an election before entering into a financing contract with the SWRCB.

The undersigned is currently unaware of any pending or anticipated litigation, or of any contractual or ratepayer/taxpayer disputes, that may detrimentally affect the County's payments source, or the ability of the County to agree to pay the Clean Water State Revolving Fund financing.

Very truly yours,

WARREN R. JENSEN
County Counsel


By: Patrick J. Foran
Deputy County Counsel

PJF:nw
090368
1308nwltr.doc

ATTACHMENT D-Items 9 and 17

**LETTER FROM SAMUEL A. SPERRY
MEYERS/NAVE
MARCH 22, 2010**

March 22, 2010

Pete Yribarren
Community Programs Specialist
USDA Rural Development
3530 West Orchard Court
Visalia, CA 93277

Re: County of San Luis Obispo; Wastewater Sewer Assessment District (Los Osos)

Dear Pete:

As follow-up to our conversation several days ago, our firm is serving as special legal counsel and bond counsel to the County of San Luis Obispo (the "County") for the above-entitled assessment district (the "Assessment District"). I am the attorney, initially while still with Orrick, Herrington & Sutcliffe in San Francisco and continuing since I've come to Meyers Nave here in Oakland last March, who has provided the legal services for the establishment of the assessment district and will provide bond counsel services as the County prepares to implement the financing program, assuming that the Board of Supervisors decides, after completing its due diligence review, to go ahead with the proposed community wastewater system project (the "Project") and makes the formal determination by resolution in accordance with subsection (i) of Section 25825.5 of the California Government Code.

This is to confirm the following:

1. The legal authority for the County to borrow money for this project is the Municipal Improvement Act of 1913 (Sections 10000 and following, California Streets and Highways Code) (the "1913 Act"). This is the legal authority under which we formed the Assessment District, leading to the levy of approximately \$126 million of assessments on the improved parcels within the Assessment District in December, 2007, followed by the recording of the Notice of Assessment in February, 2008.
2. In its legal proceedings, the County has reserved the entitlement to borrow against the unpaid assessments through the issuance and sale of either (a) limited obligation improvement bonds under the Improvement Bond Act of 1915 ("1915 Act Bonds") or (b) other financing instruments. We have had some preliminary discussions about each of three forms of borrowing against the unpaid assessments, each of which is legally authorized, namely:
 - a. Loan Anticipation Notes or Loan and Grant Anticipation Notes ("Notes"), pursuant to Sections 53859 and following, California Government Code;
 - b. Loan Agreement with the appropriate California state agency for funds from the clean water program state revolving fund (SRF Loan); and

c. 1915 Act Bonds.

While these three forms of borrowing are not the only forms legally available, they are the borrowing methods which have been discussed to date in discussions in which I've been a participant.

3. With respect to "other existing debt," our discussion focused on the assessment liens previously imposed by the Los Osos Community Services District (the "CSD") and the 1915 Act bonds issued by the CSD on the security of those prior assessments. As I believe you know, the CSD is in bankruptcy, although as best I know the bondholders of the CSD's 1915 Act bonds are being paid by the bond insurer (MBIA).

Unless something has occurred within the bankruptcy proceedings to alter the lien priority, then the liens which secure the CSD assessments are still valid and enforceable and are superior to the liens securing the County's assessments.

While this fact of lien subordination for the County's Assessment District is a credit consideration, it does not present any kind of legal issue with respect to the Assessment District or borrowing against the unpaid assessments.

I know of no other "existing debt" which has any bearing on the Assessment District or the financing program of the County for the Project.

4. The legal fees which will become payable to Meyers Nave for our services to the County in connection with issuance and sale of either Notes or 1915 Act Bonds will be computed in accordance with an Agreement for Bond Counsel Services which has been submitted to the County staff, has been approved by staff, but (as best I know) is pending approval by the Board of Supervisors. The legal fees are contingent in nature and are payable solely from the proceeds of sale of the Notes or Bonds, and the amount of fees is computed on the basis of a sliding scale of the principal amount of the Notes or Bonds.

The scale for the first series of either Notes or Bonds is (a) 1% for the first \$5.0 million (b) 0.5% of the next \$5.0 million (up to a total of \$10.0 million) and (c) 0.25% of any excess over \$10.0 million.

The scale for each subsequent series of Notes or Bonds is (a) 0.5% of the first \$10.0 million and (b) 0.25% of any excess over \$10.0 million.

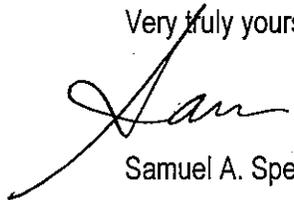
I am unable to estimate the amount of legal fees that might be eventually payable under these provisions until we have at least a preliminary estimate of the principal amount of the first and subsequent series of either Notes or Bonds.

Pete Yribarren
March 22, 2010
Page 3

5. With respect to any outstanding litigation that could affect the County's borrowing, I know of no such litigation. The 30-day statute of limitations for any person to bring litigation to challenge the validity of the assessments of the Assessment District has long since expired.

In conclusion, I hope this is the information you were seeking from the County with respect to the County's application to USDA for loan and grant assistance for the Project. Please do not hesitate to call on me if discussion of these topics would be useful.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sam", written over the typed name "Samuel A. Sperry".

Samuel A. Sperry

cc: Will Clemens
John Diodati
Warren Jensen

ATTACHMENT E-Items 15 and 16

**LETTER FROM SAMUEL A. SPERRY
MEYERS/NAVE
APRIL 27, 2009**

MEMORANDUM

To: Will Clemens
From: Sam Sperry
Date: April 27, 2009
Re: Checklist Items 15 and 16 – CWSRF Credit Review Package Checklist
(County of San Luis Obispo Los Osos Wastewater Assessment District No. 1)

Introduction

By legal proceedings concluded with the adoption of the appropriate resolution in December, 2007, the Board of Supervisors (the “Board”) has established an assessment district known as “County of San Luis Obispo Los Osos Wastewater Assessment District No. 1, County of San Luis Obispo, State of California” (the “Assessment District”), and has levied special assessments upon certain improved parcels within the boundary of the Assessment District in a total principal amount of \$126,722,296.23, as set forth in the Engineer’s Report for the Assessment District, dated December 18, 2007.

The assessments subsequently became a lien upon the respective improved parcels which were assessed by the recordation on February 27, 2008, of the Assessment Diagram and the Notice of Assessment for the Assessment District.

Under the provisions of subsection (j) of Section 25825.5 of the California Government Code, the County is precluded from commencing any proceedings to collect unpaid assessments until such time as the Board complies with the conditions of subsection (i) of Section 25825.5 pertaining to (1) completion of a due diligence review of the proposed wastewater system project (the “Project”) and (2) subsequent adoption of a resolution declaring its intention to proceed with the construction of the Project and operation of the completed wastewater collection and treatment system (the “Wastewater System”).

Assuming satisfaction of the conditions specified by Section 25825.5(i), the County will be required to provide mailed notification to the affected property owners of the opportunity to pay all or any portion of their respective assessments in cash, without interest, with a deadline for such cash payments to be specified in the notice. Following expiration of the cash payment deadline, the Board will be provided a Certificate re Paid and Unpaid Assessments by the County Treasurer, and the Board will then need to adopt a resolution determining the amount of assessments remaining unpaid.

The principal amount of such unpaid assessments then becomes the authorized principal amount of financing which may be secured by a pledge of the unpaid assessments. While the County cannot predict what amount of cash payments will be received prior to expiration of the cash payment deadline, it is virtually certain that some property owners will choose to pay all or

a portion of their assessments in cash to avoid interest expense and to discharge the assessment lien from their property.

My understanding is that the County intends to undertake two separate forms of borrowing to be secured by a pledge of the unpaid assessments, namely (a) issuance of a series of limited obligation improvement bonds pursuant to the Improvement Bond Act of 1915 (the "1915 Act Bonds"), in the approximate amount of \$13,290,000, and (b) a CWSRF loan, to be evidenced by their standard Loan Agreement (the "SRF Assessment-Based Loan Agreement"), in the approximate amount of \$113,432,296. The pledge of the unpaid assessments which secures these two obligations will be a parity pledge irrespective of the order in which the two transactions take place.

It should be understood that the aggregate principal amount of these two forms of borrowing will be subject to reduction based upon the amount of cash payments received during the cash payment period described above. This can be achieved by reducing either one or the other of these two transactions or by reducing both pro-rata, as shall be determined when final planning is established for these two components of the financing program.

It is my further understanding that a third financing transaction is planned to complete the funding of the Project – namely, a separate SRF loan in the approximate amount of \$38.0 million upon the security of net operating revenues of the completed Wastewater System (the "SRF Wastewater Revenue-Based Loan"). The security for this third transaction will have no legal relationship to the security for the two transactions secured by the parity pledge of unpaid assessments, and for that reason no further reference is made to it in this memorandum.

Item 15 of Checklist

Based upon the facts summarized in the foregoing Introduction, the County has no existing debt or other form of payment obligations secured by any portion of the unpaid assessments of the Assessment District. Accordingly, there are no "relevant provisions in each of the applicant's existing debt documents . . . that would affect the ability of the [County] to agree to and to meet its obligation under" the SRF Assessment-Based Loan Agreement.

Instead, and assuming that the conditions specified by Section 25825.5(i) are satisfied so as to enable the County to proceed with collection of the assessments, the County intends hereafter to implement the two components of its financing program which are to be secured by the unpaid assessments, in the aggregate principal amount equal to the assessments remaining unpaid following the cash payment period, and the pledge securing both the 1915 Act Bonds and the SRF Assessment-Based Loan Agreement will be on a parity with one another, irrespective of the order in which the two components are implemented.

Memorandum
April 27, 2009
Page 3

Item 16 of the Checklist

There is no existing debt secured by a pledge of the unpaid assessments, hence there is no “relevant debt document.”

It is presently anticipated that the 1915 Act Bonds, when authorized and issued, will be issued and administered pursuant to either a Trust Agreement or a Fiscal Agent Agreement (a detail yet to be determined when final planning is established for the issuance and sale of the 1915 Act Bonds). The County will gladly provide a copy of that issuance document if, as and when it has been executed in connection with issuance, sale and delivery of the 1915 Act Bonds.

Similarly, the County will gladly provide a copy of any Official Statement prepared in connection with a public offering of the 1915 Act Bonds, together with the maturity and debt service schedules.

1227684.1