



April 16, 2009

President

Joe Sparks

Vice-President

Marshall Ochylski

Director

Chuck Cesena

Maria Kelly

Steve Senet

General Manager

Utilities Manager

George J. Milanés

Fire Chief

Matt Jenkins

TO: Board of Directors

FROM: Mitch Cooney, Interim General Manager *MC*

SUBJECT: Agenda Item 5F – 4/16/09 Board Meeting
Appointment of Director Maria Kelly to Ad Hoc
Affordability Committee

SUMMARY

The District Board of Directors has been concerned about the affordability of the Los Osos Wastewater Project and the impacts that the costs associated with this undertaking will have on the citizens of this community. In early December the District Board of Directors passed LOCSD Resolution 2008-29, A Resolution of the Board of Directors of the Los Osos Community Services District Supporting Mitigation of Affordability Concerns Regarding the Los Osos Wastewater Project.

In order to implement the meaning and spirit of Resolution 2008-29, an Ad Hoc Committee of the Board of Directors should be established to coordinate all available resources in ensuring that the Wastewater Project does not disturb the existing social and economic stability currently found within the community of Los Osos. The Ad Hoc Committee should be charged with the authority to gather information from all sources and present to the District Board of Directors viable plans and financial options to assist in making the Wastewater Project affordable to all Los Osos residents.

RECOMMENDATION

The recommended action before your Board is to have Director Maria Kelly appointed as an Ad Hoc Committee on Affordability by President Joe Sparks.

This item will be approved along with the consent calendar unless it is removed by a director for separate consideration.

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DATE: December 4, 2008
AGENDA ITEM: A

APPROVED (X)
DENIED ()
CONTINUED ()

RESOLUTION NO. 2008- 29

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOS OSOS
COMMUNITY SERVICES DISTRICT SUPPORTING MITIGATION OF
AFFORDABILITY CONCERNS REGARDING THE LOS OSOS WASTEWATER
PROJECT**

WHEREAS, owners of real property within the Prohibition Zone in the community of Los Osos approved an assessment on their properties in 2001 to enact wastewater improvements, with an estimated project cost of \$85,600,000 based on a 2001 engineer's assessment report; and

WHEREAS, decisions affecting the Los Osos Wastewater Project by the Los Osos Community Services District, the California Coastal Commission, the County of San Luis Obispo, the Regional Water Quality Control Board, and the State Water Resources Control Board have occurred, with the outcome being an escalation in the costs of the Los Osos Wastewater Project such that the Los Osos Community Services District did not have resources to reasonably continue progress on the Los Osos Wastewater Project by August of 2006; and

WHEREAS, the Los Osos Community Services District applied for Federal Chapter 9 Bankruptcy protection in August of 2006 and has been operating under that protection since that time; and

WHEREAS, the State of California enacted Assembly Bill 2701 in September of 2006 to authorize and enable the County of San Luis Obispo to design and construct a wastewater treatment system for homeowners within the Prohibition Zone; and

WHEREAS, the Governor of the State of California indicated in a statement made at the signing of Assembly Bill 2701 that approximately \$6.4 million in State Revolving Fund loan moneys loaned to the Los Osos Community Services District would be required to be paid to the State of California as part of any future State Revolving Fund funding of a Los Osos Wastewater Project; and

WHEREAS, in October 2006, the Department of Public Works for the County of San Luis Obispo requested objectives from the Los Osos Community Services District for review of wastewater treatment alternative as well as for water management; and

WHEREAS, the County of San Luis Obispo has taken initial steps on a wastewater project pursuant to Assembly Bill 2701 by conducting an analysis of treatment options (Fine Screening Report) for the Prohibition Zone of Los Osos; and

WHEREAS, the County of San Luis Obispo Board of Supervisors approved an engineer's assessment report in the amount of \$127,000,000 for the entire Prohibition Zone, and \$24,941 for an individual single residential homeowner with no existing wastewater improvements, in order to fund design and construction of a wastewater system for the Prohibition Zone, and that the costs of a wastewater system will include additional recurring costs paid by the Prohibition Zone homeowners; and

WHEREAS, the Regional Water Quality Control Board has maintained enforcement actions against the Los Osos Community Services District and homeowners within the Los Osos Prohibition Zone notwithstanding the County of San Luis Obispo's work pursuant to Assembly Bill 2701; and

WHEREAS, approval of the assessment by homeowners has enabled the County to proceed with design and construction of a wastewater system; and

WHEREAS, the median household income in Los Osos as of the 2000 census was \$46,558, which number includes areas outside of the Prohibition Zone where the median household income exceeds that of households within the Prohibition Zone; and

WHEREAS, generally accepted guidelines for wastewater treatment use a 2% benchmark of gross household income as a standard measure of affordability; and

WHEREAS, the projected monthly costs of the Los Osos wastewater project will far exceed the 2% benchmark, resulting in significant hardship for low-income households within the Prohibition Zone in the absence of some significant supplemental funding of the project from the County of San Luis Obispo, the State of California, or the United States of America; and

WHEREAS, the funding of the Los Osos Wastewater Project by the homeowners within the Prohibition Zone will result in significant revenues and tax increases to the County of San Luis Obispo and the State of California; and

WHEREAS, the Los Osos Community Services District and County of San Luis Obispo entered into an Interlocutory Stipulated Judgment in September 2007 to provide a framework for developing a Water Management Plan; and

WHEREAS, the Los Osos Community Services District will be conducting a water rate study to determine rate increases required to support funding for future capital projects

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Los Osos Community Services District as follows:

- (1) It is hereby found that the objective of the Los Osos Community Services District that homeowners within the Los Osos Community Services District and water customers within the Los Osos Community Services District service area shall not have to endure undue hardship as a result of implementing the Los Osos Wastewater Project.
- (2) The County of San Luis Obispo and State of California are hereby requested to consider and adopt additional legislation and administrative actions to provide homeowners within the Prohibition Zone financial options to continue the enjoyment of their property without undue financial hardship arising out of the Los Osos Wastewater Project.
- (3) The County of San Luis Obispo is hereby urged to support the development of financial options for impacted Prohibition Zone homeowners of Los Osos for the purpose of maintaining the existing social and economic stability currently found within the community of Los Osos by precluding the need for residents to sell their homes because of an inability to pay the admittedly high cost of the Los Osos Wastewater Project.
- (4) The County of San Luis Obispo is hereby urged to create, enable, and support a Los Osos Financial Task Force or similar entity to assist low-income residents within Los Osos to find and take advantage of financial options for dealing with the costs of the Los Osos Wastewater Project.

On the motion of Director Schicker, seconded by Director Tacker, and on the following roll call vote, to wit:

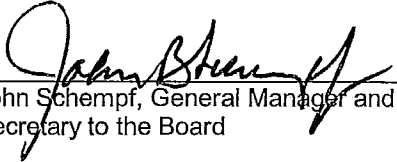
Ayes: Directors Cesena, Schicker, Senet, Sparks, Tacker
Noes: None
Absent: None
Conflicts: None

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 4th day of December 2008.



Chuck Cesena, President
Board of Directors, Los Osos CSD

ATTEST:



John Schempf, General Manager and
Secretary to the Board