



June 21, 2023

TO: LOCSD Board of Directors
FROM: Ron Munds, General Manager
Margaret Falkner, Utility Systems Manager

**SUBJECT: Agenda Item 5 – 06/21/2023 Utilities Advisory Committee
Utilities Department Updates for May 2023**

President
Charles L. Cesena

Vice President
Marshall E. Ochylski

Directors
Matthew Fourcroy
Troy C. Gatchell
Christine M. Womack

General Manager
Ron Munds

District Accountant
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Utility Department Updates

2022-23 CIP

Bay Oaks Well (formerly Program C Well)

The well equipping design phase of the project is nearly complete. Final comments and some clean-up of the plans and specification are being finalized. The project will most likely go out to bid in August. The water transmission main project is set to start in July with the major construction starting in August. Completion of this phase is anticipated by late October.

16th Street North Tank repair and re-coating bid package will go out to bid in early July. The actual work will mostly likely begin in September. This project is expected to cost \$700,000. It will consist of interior and exterior repair and coating along with replacement of the fill line.

Other Updates

All FEMA submittals for the Cabrillo Basin for the completed protective measures and repairs should be completed June 22nd.

S&T Mutual Water Company (S&T) submitted a letter to the Board of Directors soliciting the Board's approval to consider S&T's financial participation in the Program C Well Project. The Board considered the request at their June 1, 2023 meeting and approved, in concept, to the participation and directed staff further the discussions with S&T and bring back options on how this relationship would work. The June 1st Board documents are attached to this report.



June 1, 2023

TO: LOCSD Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 3A – 06/01/2023 Board Meeting
Consideration of a Request from S&T Mutual Water Company to Financially Participate in the Program C Well Project

DESCRIPTION

President

Charles L. Cesena

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S&T Mutual Water Company (S&T) submitted a letter to the District (attached) soliciting the Board's approval to consider S&T's financial participation in the Program C Well Project and support preliminary discussions on the matter. This report summarizes the request and potential next steps if the Board approves the request in concept.

STAFF RECOMMENDATION

Staff recommends the following:

Motion: I move that the Board:

- 1. Approve, in concept, S&T Mutual Water Company's request to financially participate in the Program C Well Project; and***
- 2. Direct staff to return to the Board, at a future date to be determined, to provide more information on the possible terms, conditions and structure of any future agreement with S&T regarding financial participation in the Program C Well Project.***

DISCUSSION

At the December 1, 2022 Board meeting, the Board conceptually approved an emergency water interconnection between the S&T's and District's water systems. As stated at the December 2022 Board meeting, S&T is looking for water supply redundancy because of the elevated nitrates in their only well and the uncertainties of water supply in the future.

Since that meeting, S&T has been pursuing grant opportunities to fund the intertie and has been further evaluating its future water needs. Based on that evaluation, S&T is now requesting the Board conceptually consider S&T's financial participation in the Program C Well project (see attached letter) by engaging in preliminary discussions that could lead to an agreement.

If the Board agrees to moving forward with these preliminary discussions, staff will meet with S&T representatives to evaluate the options available to define the terms, conditions and structure of any future agreement. This could include defining the one time buy-in costs based on quantity of water requested, water wheeling charges to deliver the water to the S&T point of connection to the District's water system, and ongoing operation and maintenance cost sharing methodology.

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FINANCIAL IMPACT

There is no direct financial impact to the recommended action. The General Manager will need to spend time evaluating the options and associated materials related to discussion before bringing back information to the Board for consideration.

Attachments

S&T Mutual Water Company's letter to the Board of Directors



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Email: STMutualWater@gmail.com
Website: www.st-water.com

May 23, 2023

TO: Los Osos CSD Board of Directors

SUBJECT: S&T Mutual Water Company's proposal to begin exploring the financial and technical feasibility of purchasing a share in the Los Osos CSD's Program C Well

Dear Members of the Los Osos CSD Board of Directors,

In December of 2022 the Los Osos Community Services District (LOCSD) Board voted to commence with conceptual agreements and pricing options for an emergency interconnection pipeline between the LOCSD and S&T Mutual Water Company (S&T). S&T would like to advance the project to include the purchase of a share in the newly drilled LOCSD Program C well.

S&T is now seeking the Board's vote to approve preliminary discussions that would potentially lead toward an agreement in which S&T would purchase some ownership in the LOCSD Program C well drilled in 2022. S&T would like to use the new pipeline as a means for progressing overall water supply sustainability and resiliency.

Sincerely,

A handwritten signature in blue ink that reads "Julie McAdon".

Julie McAdon
S&T Board President