



June 1, 2023

**TO:** LOCSO 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

**Vice President**

Marshall E. Ochylski

**Directors**

Matthew D. Fourcroy

Troy C. Gatchell

Christine M. Womack

S&T Mutual Water Company (S&T) received 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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Los Osos, CA 93412  
Voice mail: (805) 316-0640  
Email: STMutualWater@gmail.com  
Website: www.st-water.com

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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