



March 25, 2015

TO: LOCSD Board of Directors
FROM: Robert Miller, District Engineer
SUBJECT: **Agenda Item 11E – 4/2/2015 Board Meeting**
Consideration of a Conditional Intent-to-Serve Letter For
1325 Pasadena Drive

President
R. Michael Wright

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Jon-Erik G. Storm
Louis G. Tornatzky

General Manager
Kathy A. Kivley

District Accountant
Michael L. Doyel

Fire Chief
Robert Lewin

Battalion Chief
Phill Veneris

DESCRIPTION

The purpose of this agenda item is to consider issuance of a Conditional Intent-To-Serve (ITS) Letter for 1325 Pasadena Drive, Los Osos.

STAFF RECOMMENDATION

Staff recommends that the Board adopt one of the following motions. The Board may also elect to continue the item to a subsequent meeting, and consider it after the Board receives additional data on the status of the groundwater basin, or considers a more stringent water shortage declaration.

Option 1 – Motion: I move that the Board approve issuance of a Conditional Intent-To-Serve Letter for 1325 Pasadena Drive, Los Osos and authorize the General Manager to sign the letter.

Option 2 – Motion: I move that the Board direct staff to bring back a resolution modifying the Water Shortage Contingency Plan, including removal of the threshold dates, and declaring a Stage V water shortage, including the suspension of new ITS letters pursuant to Water Code Section 375.

BACKGROUND AND DISCUSSION

On July 3, 2014, and again on September 4, 2014, the Board considered actions relating to the issuance of ITS letters. The language in the attached ITS letter mirrors the special conditions presented to the Board on September 3, 2014, including the following:

1. The Regional Water Quality Control Board (RWQCB) provides the District with written verification that the Project's wastewater treatment system is consistent with the current Basin Plan.
2. The County of San Luis Obispo provides the District with written verification that the Project meets current County requirements for Project construction.
3. The Owner provides the District with written verification and evidence that the Project has been granted a Coastal Development Permit and has complied with all conditions of said Coastal Development Permit.

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4. The County of San Luis Obispo shall provide the District written confirmation that the Project has completed the required water fixture retrofits pursuant to Title 19 of the County Code.
5. The Project is approved for service by CALFIRE (Note: CALFIRE may require additional conditions in accordance with applicable codes in effect at the time of construction plan approval).
6. Owner shall defend, indemnify and hold harmless the District and/or its agents, officers and employees from any claim, action or proceeding against the District and/or its agents, officers or employees to attack, set aside, void or annul, the issuance by the District of this Intent-To-Serve Letter, and all actions relating thereto.

In September 2014, the Board adopted a Water Shortage Contingency Plan (Plan) pursuant to Water Code Section 375. The Plan provides a series of climate and water quality-based triggers, along with various prohibitions, water allocations, and penalties at various stages of drought. Upon declaration of a Stage IV or Stage V water shortage, the processing of ITS letters would cease. The climate triggers contained in the Plan would have required the declaration of an immediate Stage V, along with a prohibition on ITS letters and the irrigation of private and community properties. However, in order to lessen the financial and community impacts of the Plan, the Board elected to incorporate two key threshold dates as follows:

- A Stage III shortage may not be enacted earlier than April, 2015
- Stage IV and V shortages may not be enacted earlier than April, 2016.

Given this background, staff is recommending that the Board consider one of the following options with reference to the proposed ITS letter:

1. Consistent with the adopted Water Shortage Contingency Plan, approve the Conditional ITS as drafted and authorize the General Manager to sign the letter.
2. Direct staff to bring back a resolution modifying the Water Shortage Contingency Plan, including removal of the threshold dates, and declaring a Stage V water shortage. If adopted, such a resolution would suspend all processing of ITS letters.

The Board may also elect to continue the item as indicated above.

FINANCIAL IMPACT

The Developer will be required to pay the current impact fees, rates, and charges applicable at the time all ITS conditions are satisfied. In addition, the developer is required to reimburse the District for staff time accrued in the preparation of the ITS.



DRAFT CONDITIONAL INTENT-TO-SERVE LETTER

DATE:

APN: 038-732-016 and 038-732-017

President
R. Michael Wright

ADDRESS: 1325 Pasadena Drive, Los Osos
One service connection

Vice President
Marshall E. Ochylski

OWNER: Frederick Novy III, MD
895 Shasta Avenue
Morro Bay, CA 93442

Directors
Charles L. Cesena
Jon-Erik G. Storm
Louis G. Tornatzky

DEVELOPER: Same as above

General Manager
Kathy A. Kivley

REPRESENTATIVE: Dana Belmonte
Residential Design
14006 Morro Road
Atascadero, CA 93422

District Accountant
Michael L. Doyel

Dear Dr. Novy (Owner):

The Los Osos Community Services District ("District") will provide water service to the above-referenced parcel ("Project") subject to the following terms and conditions:

Fire Chief
Robert Lewin

A. General Conditions:

Battalion Chief
Phill Veneris

1. That all easements and dedications required for District services have been delivered to and accepted by the District.
2. All construction work and installations that shall become District property shall be designed and installed pursuant to District engineering standards and plans and specifications.
3. Owner pay all District water fees and Capacity Charges in effect on the date the Owner satisfies the conditions of this Intent-To-Serve Letter, said fees and charges include, but are not limited to the following:
 - District's Water Connection Fees
 - District's Water Capacity Charges
 - District's Plan Check and Inspection Fees
4. Owner shall comply with the terms and conditions, rules and regulations of the District and CALFIRE related to the Project.
5. If any of the District's facilities are required to be moved, raised, or in any way altered or changed because of required conditions of the

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District or any other agency having jurisdiction over the proposed Project, the Owner, developer, agent, contractor, or responsible agent, at its sole cost and expense, shall bring such facilities up to District standards of design and access.

6. Owner shall provide the District with a copy of County application approval and County project conditions of approval.
7. Owner shall comply with all terms, conditions, rules and regulations of other agencies that have jurisdiction over the Project, including, but not limited to CALFIRE, those agencies identified in the Project EIR and those agencies referenced in the Special Conditions below.
8. All water improvements to be dedicated to the District shall be bonded for or otherwise secured in the District's name.
9. This Intent-To-Serve Letter shall be null and void unless Owner provides District General Manager with a signed copy of this Intent-To-Serve Letter thirty (30) days from delivery by District.
10. The District will set water meter(s) upon proof of a building permit from the County of San Luis Obispo, the District's acceptance of improvements to be dedicated to the District, if applicable, and final payment of all charges and fees owed to the District.

B. Special Conditions

1. The Regional Water Quality Control Board ("RWQCB") provides the District with written verification that the Project's wastewater treatment system is consistent with RWQCB requirements.
2. The County of San Luis Obispo provides the District with written verification that the Project meets current County requirements for Project construction.
3. The Owner provides District with written verification and evidence that the Project has been granted a Coastal Development Permit and has complied with all conditions of said Coastal Development Permit.
4. The County of San Luis Obispo shall provide the District written confirmation that the Project has completed the required water fixture retrofits pursuant to Title 19 of the County Code. No credit shall be given for the historical water use that previously occurred at Los Osos Valley Road and Pine Street (APN 072-052-049). **(Attached Certificate No. 21)**
5. The Project is approved for service by CALFIRE (Note: CALFIRE may require additional conditions in accordance with applicable codes in effect at the time of construction plan approval).
6. Owner shall defend, indemnify and hold harmless the District and/or its agents, officers and employees from any claim, action or proceeding against the District and/or its agents, officers or employees to attack, set aside, void or annul, the issuance by the District of this Intent-To-Serve Letter, and all actions relating thereto.

C. Additional Provisions

1. Owner acknowledges receipt of the Los Osos Community Services District's Policy and Guidelines for District Services.
2. This "Intent-to-Serve" Letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District. This "Intent-to-Serve" Letter may be revoked or modified as a result of conditions imposed upon the District by a Court or availability

of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors.

3. That unless sooner terminated this "Intent-to-Serve" Letter will terminate within 3 years from the date of issuance. A single one year extension may be granted upon the receipt of an application and the payment of a non-refundable renewal fee. At the time of application for renewal, the Developer must provide written confirmation that substantial progress is being made toward the fulfillment of the conditions listed herein.
4. This "Intent-to-Serve" Letter shall not be interpreted as the District's Board of Directors endorsement of the Project.
5. Owner agrees that the District's review or approval of the Project plans and specifications is for administrative purposes only and does not relieve Owner of its responsibility to properly plan, design, construct, operate, and maintain the Project.
6. In accordance with generally accepted construction practices, Owner shall assume sole and complete responsibility for the condition of the job site during the course of the Project construction, including the safety of persons and property; that this requirement shall apply continuously and not be limited to normal working hours; and the Owner shall defend, indemnify, and hold the District and District's agents, employees and consultants harmless from any and all claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities arising out of the performance or attempted performance of the work on this project; except those claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities resulting from the sole negligence or willful misconduct of the District.
7. The General Manager, the Utility Supervisor, or the District Engineer shall be responsible for determining compliance with the conditions identified in this Intent to Serve Letter.

Date Issued: _____

Kathy Kivley, General Manager
Los Osos Community Services District

I, Frederick Novy III, MD, have read the foregoing Intent-to-Serve Letter and by my signature below, agree to the conditions contained herein.

Date: _____

Owner: _____

Frederick Novy III, MD
895 Shasta Avenue
Morro Bay, CA 93442