

San Luis Obispo County Integrated Proposal Work Plan

Introduction

Development of the San Luis Region Integrated Regional Water Management Plan (IRWMP) was a collaborative process with multiple stakeholders covering a wide range of interests. The IRWMP identified five immediate term programs for implementation based on their ability to meet multiple goals and objectives and their readiness to proceed to implementation. These five programs are the Water Quality Program, Water Supply Program, Ecosystem Preservation and Enhancement Program, Groundwater Monitoring and Management Program and Flood Management Program. Three projects from the recommended programs were then selected to be included in this proposal based upon implementation requirements, need, benefit to disadvantaged communities and stakeholder consensus. The three projects, along with the project necessary to administer this grant if awarded, are:

1. IRWM Implementation Grant Administration
2. Los Osos Community Wastewater Project
3. Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project (Project Number 3)
4. Nipomo Waterline Intertie Project

The purpose of the projects is summarized below.

IRWM Program – IRWM Implementation Grant Administration (Project Number 1)

San Luis Obispo County (County) will be the grant administrator and fiscal agent for the Proposition 84 IRWM Implementation Grant, if awarded. The purpose of this grant administration project is to:

- Develop, negotiate, and secure all grant agreements necessary for grant award and implementation.
- Document compliance with the Labor Compliance Plan requirements.
- Monitor and communicate project and grant progress with DWR and prepare quarterly grant reports consistent with State grant guidelines.
- Prepare and submit to DWR a Final Report summarizing the project implementation consistent with State grant guidelines.
- Prepare and submit to DWR a Grant Completion Report.
- Prepare and submit a Post Performance Report for each of the three projects after the first operational year of a project and in subsequent operational years.
- Ensure that all groundwater projects are consistent with the Groundwater Quality Monitoring Act of 2001 and that projects that affect water quality include a monitoring component that allows the integration of data into statewide monitoring efforts.
- Communicate and coordinate with DWR as necessary and ensure all grant requirements are satisfied.

Water Quality Program - Los Osos Community Wastewater Project (Project Number 2)

While the Los Osos Wastewater project is required by the Central Coast Regional Water Board as a result of septic discharges and degradation of water quality, the project is also a critical “first-step” towards solving the community’s water supply and groundwater management deficiencies and therefore maximizes long-term sustainable integrated water management benefits. In 2006, Assembly Bill 2701 was approved unanimously by the State Assembly and State Senate, and

signed by Governor Schwarzenegger on September 20, 2007. AB 2701 transferred the wastewater project authority back to the County, which implemented project development strategies to address community concerns that resulted in the Los Osos CSD recall. Within 11 months of acting under AB 2701, the County held a Prop 218 protest hearing and received an 80% “Yes” vote on assessments of nearly \$25,000 per single family dwelling unit equivalent. The County has subsequently completed the environmental review process with certified State and Federal environmental documents and a final Coastal Development Permit. While water quality is a primary purpose, several benefits exist in addition to the development of a community wastewater system. Ecosystem and wetlands benefits, especially to the Morro Bay National Estuary; groundwater conflict resolution, recharge and quality benefits; water supply reliability; urban and agricultural reuse opportunities; and protection against seawater intrusion are among its other many benefits. The project will help ensure compliance with TMDLs, stormwater programs and waste discharge requirements.

Flood Management Program - Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project (Project Number 3)

The Flood Control Zone 1/1A Waterway Management Program is a comprehensive set of actions that includes immediate-term, near-term and long-term measures to restore the capacity of the leveed lower three miles of the Arroyo Grande Creek flood channel to increase flood protection to homes, prime agricultural lands, and critical urban infrastructure in the lower Arroyo Grande Creek watershed. This phase of the project includes continuing design, permitting and construction of the project to provide flood protection from the 5 year event. The existing channel capacity is severely reduced due to dense vegetation and accumulated sediment and can only contain the 2.8 year flood event. Maintenance of a primary low-flow channel, enforced by the presence of a stable riparian corridor, will improve sediment transport conditions throughout the flood control reach which will reduce the need for future maintenance/dredging and provide continued flood protection for the disadvantaged community of Oceano and the highly productive agricultural areas of Cienega Valley. Award of this grant would advance the completion date of this project approximately 12 years, from 2024 to 2012. The Waterway Management Program implements an integrated, watershed approach to flood management through a collaborative and community supported process without unfairly burdening communities, neighborhoods or individuals.

Water Supply Program - Nipomo Waterline Intertie Project (Project Number 4)

The Nipomo Waterline Intertie Project will import water from the City of Santa Maria in Santa Barbara County to the community of Nipomo. Currently groundwater is the only water source in Nipomo and this supply is approaching its limit. The San Luis Region has water supply opportunities not available to individual water suppliers within the Region. Water suppliers that form partnerships with other entities in the region can accomplish projects that provide benefits that no single agency could do alone. The Nipomo Community Services District (NCSD) partnership with the City of Santa Maria on the Nipomo Waterline Intertie Project will improve water supply reliability by establishing a connection with the neighboring water supply; increase operational flexibility by participating in regional groundwater management and conjunctive use; protect water quality by participating in regional watershed management; reduce costs by cooperating with other agencies on water conservation and outreach programs; and alleviate groundwater conflicts in the Region.

The location for each of the projects and the San Luis IRWM regional boundaries are shown on Figure 3-1. Figures 3-2 and 3-3 show the areas served by the projects, the water resources that will be affected and monitored, and DACs within the region. Project facilities and proposed monitoring locations are provided in figures or exhibits as appropriate throughout the workplan.

An overview of each of the projects in this proposal is presented in Table 3-1, including an abstract of each project, the current status of each project in terms of percent completion of design, the priority of those projects and implementing agencies.

Figure 3-1: Location of Proposed Projects and Regional Boundaries



Figure 3-2: Los Osos Community Wastewater Project DAC and Water Resources

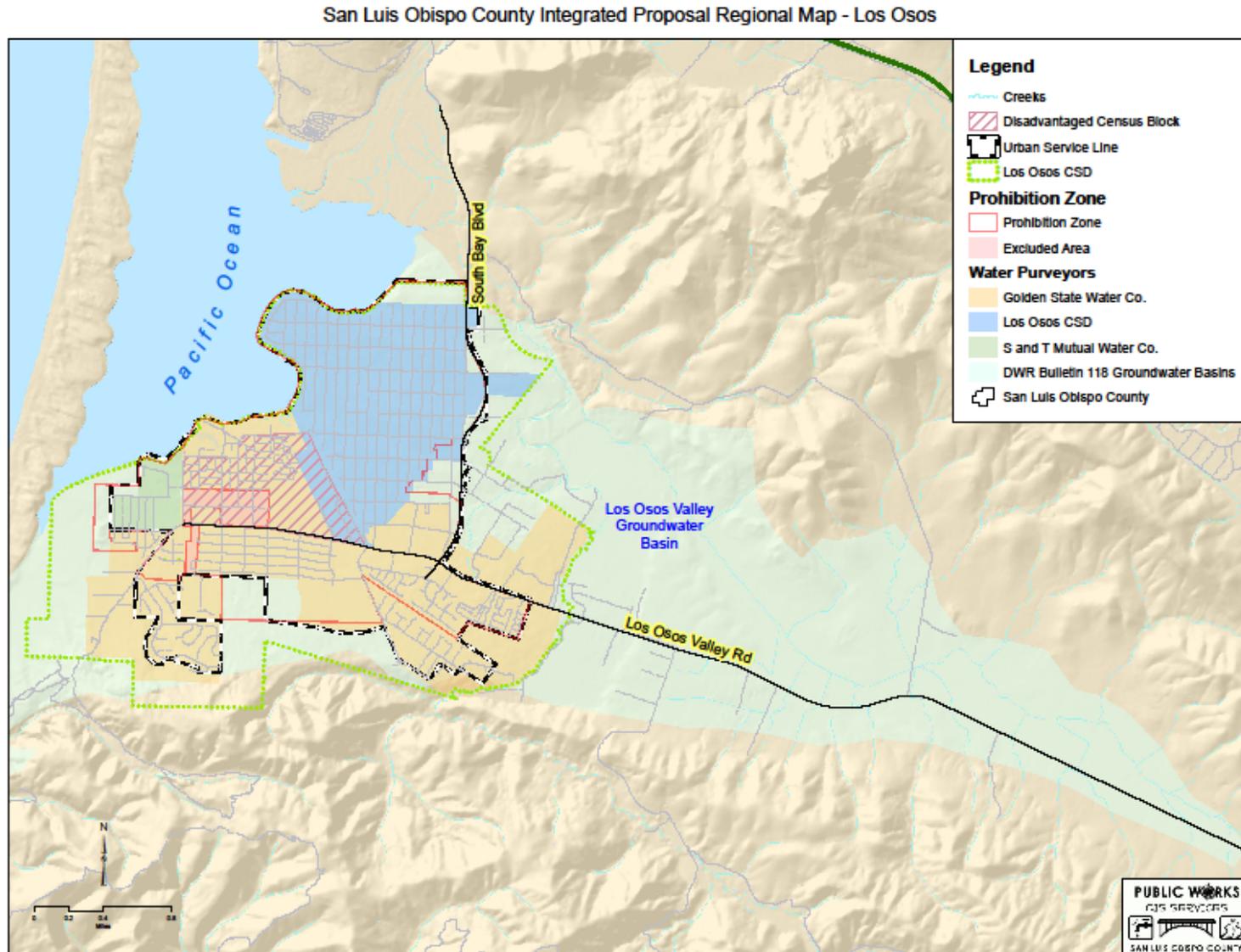


Figure 3-3: Zone 1/1A Waterway Management Program and Nipomo Waterline Intertie Project DACs and Water Resources

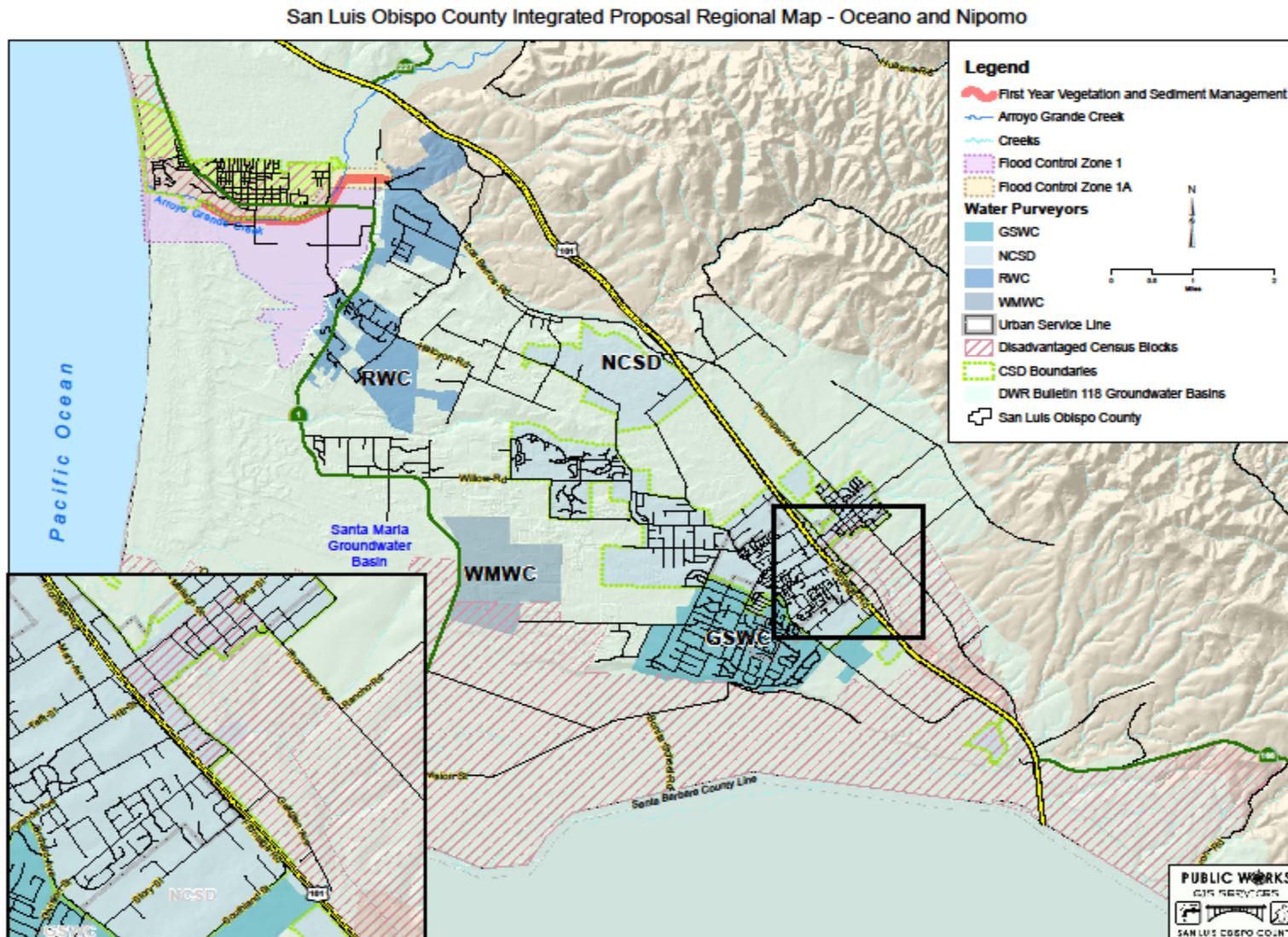


Table 3-1: Summary of Projects in Proposal

Project	Current Status	Priority (Ranking)	Implementing Agencies
<p>Project 1. IRWM Implementation Grant Administration consists of all fiscal and administrative activities necessary to execute and implement the IRWM Implementation grant.</p>	Will begin with grant award	Not Applicable	County of San Luis Obispo
<p>Project 2. Los Osos Community Wastewater Project consists of constructing a wastewater treatment system for Los Osos, in cooperation with the community water purveyors, to solve the high-level water resource shortage and groundwater pollution problem, in an environmentally sustainable and cost effective manner, by implementing Title 22 unrestricted reuse at project start-up.</p>	Weighted average, based on construction costs is 50% (Collection system 90%, treatment 5%, and recycled water 20%)	Immediate	County of San Luis Obispo
<p>Project 3. Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project includes continuing design, permitting and construction of the project to provide flood protection from the 5 year event. The existing channel capacity is severely reduced due to dense vegetation and accumulated sediment and can only contain the 4.6 year flood event. This project would improve the flow characteristics of the channel by reducing channel roughness through vegetation thinning and removal and would enhance geomorphic function by removing accumulated sediment, establishing a primary low-flow channel, and creating secondary overflow channels to improve flood conveyance and sediment transport. Maintenance of a primary low-flow channel, enforced by the presence of a stable riparian corridor, will improve sediment transport conditions throughout the flood control reach which will reduce the need for future maintenance/dredging and provide continued flood protection for the disadvantaged community of Oceano and the highly productive agricultural areas of Cienega Valley. Award of this grant would advance the completion date of this project approximately 12 years, from 2024 to 2012.</p>	30% Design EIR certified and adopted by County Board of Supervisors	Immediate	County of San Luis Obispo
<p>Project 4. Nipomo Waterline Intertie Project consists of waterlines, a pump station and reservoir, flow meter facilities and an interconnect between the City of Santa Maria and Nipomo Community Services District water systems that is designed to deliver 3,000 acre-feet per year (AFY). The project will utilize regional water supplies to slow the depletion of groundwater, reduce the potential for sea water intrusion, be consistent with the settlement agreement and the judgment related to the groundwater adjudication, and increase the reliability of water supply by providing a diversity of water sources.</p>	90% Design	Immediate	Nipomo Community Services District

Goals and Objectives

The Goals and Objectives of the Proposal and how the Proposal relates to the adopted San Luis Region's IRWMP are described below.

The projects requesting funding through this Proposal are included in three of the five integrated programs of the San Luis Region's IRWMP:

Water Quality Program

- Los Osos Community Wastewater Project

Flood Management Program

- Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project

Water Supply Program

- Nipomo Waterline Intertie Project

The projects were categorized by the primary benefits offered by the project. However, each of the projects helps meet the goals and objectives of the other integrated programs and work together to provide synergistic benefits for the Region as described in the following sections.

The projects are also related to the other two integrated programs in the IRWMP - the Ecosystem Preservation and Enhancement Program and the Groundwater Monitoring and Management Program. These five programs comprise the recommendations developed through the IRWMP process by the County and stakeholders, and each project implements strategies to meet multiple goals and objectives of the IRWMP.

Water Quality Program

The goal of the Water Quality Program is to protect and improve water quality for beneficial uses consistent with regional interests and the Basin Plan in cooperation with local and state agencies and regional stakeholders without unfairly burdening communities, neighborhoods or individuals. The mission of the Los Osos Community Wastewater Project is to develop a wastewater treatment system for Los Osos, in cooperation with the community water purveyors, to solve the high-level water resource shortage and groundwater pollution problem, in an environmentally sustainable and cost effective manner, while respecting community preferences and promoting participatory government, and addressing individual affordability and environmental justice challenges to the greatest extent possible. The Los Osos Community Wastewater Project supports the following IRWMP Water Quality Program objectives:

- Protect and improve source water quality.
- Meet all federal and state drinking water standards.
- Support the development and implementation of TMDLs.
- Implement NPDES Phase II Storm Water Management Programs.
- Implement the California NPS Plan and the RWQCB Conditional Agricultural Waiver Program for irrigated agriculture.
- Comply with new waste discharge requirements.

The Flood Control Zone 1/1A Waterway Management Program primarily benefits the IRWMP Flood Management Program but also supports the following water quality objectives through the removal of sediment and improved sediment transport conditions in the channel:

- Protect and improve source water quality.
- Support the development and implementation of TMDLs.
- Implement NPDES Phase II Storm Water Management Programs.

- Implement the California NPS Plan and the RWQCB Conditional Agricultural Waiver Program for irrigated agriculture.

The Nipomo Waterline Intertie Project primarily benefits the IRWMP Water Supply Program but also supports the following water quality objectives through the protection of the groundwater basin and the delivery of high quality drinking water:

- Protect and improve source water quality.
- Meet Drinking Water standards.

Flood Management Program

The goal of the Flood Management Program is to develop, fund, and implement an integrated, watershed approach to flood management through a collaborative and community supported process without unfairly burdening communities, neighborhoods or individuals.

The Flood Control Zone 1/1A Waterway Management Program is a comprehensive set of actions that includes immediate-term, near-term and long-term measures to restore the capacity of the leveed lower three miles of the Arroyo Grande Creek flood channel to increase flood protection to homes, prime agricultural lands, and critical urban infrastructure in the lower Arroyo Grande Creek watershed.

The ultimate goal of the Flood Control Zone 1/1A Waterway Management Program is to provide flood protection from the 20-year flood event. The waterway management measures also capitalize on opportunities for enhancing stream and riparian habitat quality while maintaining established levels of flood protection. The Flood Control Zone 1/1A Waterway Management Program supports the following IRWMP Flood Management Program objectives:

- Distinguish the root cause of flooding problems stemming from new development, existing development, and mandatory regulation.
- Integrate ecosystem enhancement, drainage control, and natural recharge into development projects.
- Develop financial programs for drainage and flood control projects.
- Evaluate and minimize the risk of dam and levee failures.
- Develop and implement public education, outreach, and advocacy.

The Los Osos Community Wastewater Project primarily benefits the IRWMP Water Quality Program but also supports the following flood management objective by collecting septage discharges from areas that have significant drainage problems related to high groundwater and returning recycled water to the groundwater basin at locations targeted to maintain wetland habitat while avoiding impacts to drainage. The Septic System Decommissioning Plan will assist property owners in reusing existing septic systems to capture and percolate stormwater runoff on individual properties.

- Integrate ecosystem enhancement, drainage control, and natural recharge into development projects.

Water Supply Program

The goal of the Water Supply Program is to improve regional water supply reliability and security, reduce dependence on imported water, reduce water rights disputes and protect watershed communities from drought with a focus on interagency conjunctive use of regional water resources without unfairly burdening communities, neighborhoods or individuals.

The Nipomo Waterline Intertie Project will import water from the City of Santa Maria in Santa Barbara County to the community of Nipomo. The Nipomo Community Services District (NCSD) partnership with the City of Santa Maria on the project will improve water supply reliability by establishing a connection with the neighboring water supply; increase operational flexibility by participating in regional groundwater management and conjunctive use; protect water quality by participating in regional watershed management; reduce costs by cooperating with other

agencies on water conservation and outreach programs; and alleviate groundwater conflicts in the Region. The Nipomo Waterline Intertie Project supports the following IRWMP Water Supply Program objective:

- Implement inter-agency projects including emergency inter-ties between systems, jointly developed facilities, water exchanges, and other methods of enhancing reliability through cooperative efforts over the development of new supplies.

The Los Osos Community Wastewater Project primarily benefits the IRWMP Water Quality Program but also supports the following water supply objectives by recycling all collected wastewater and reusing it within the limits of the groundwater basin. The recycled water reuse plan is being developed as part of an inter-agency groundwater basin management plan that includes agency inter-ties and water exchange and cooperative monitoring and water conservation efforts. With project implementation, reclaimed water will be approximately 30% of urban water demand.

- Implement inter-agency projects including emergency inter-ties between systems, jointly developed facilities, water exchanges, and other methods of enhancing reliability through cooperative efforts over the development of new supplies.
- Expand reclaimed water use to make up 5% of total water use by 2010 and 10% of total water use by 2020.

Ecosystem Preservation and Enhancement Program

The goal of the Ecosystem Preservation and Enhancement Program is to protect, enhance and restore the region's natural resources including open spaces; fish, wildlife and migratory bird habitat; special status and native plants; wetlands; estuarine, marine, and coastal ecosystems; streams, lakes, and reservoirs; forests; and agricultural lands without unfairly burdening communities, neighborhoods or individuals.

- The Los Osos Community Wastewater Project supports the following environmental objectives through the requirement for a Habitat Management Plan that ensures the permanent restoration and preservation of over 80 acres of coastal dune habitat. Purchase and conserve through easements, preserve, enhance, and restore land in ecologically sensitive ecosystems.
- Conserve natural resources.

The Flood Control Zone 1/1A Waterway Management Program will improve the geomorphic function by removing accumulated sediment, establishing a primary low-flow channel, and creating secondary overflow channels to improve flood conveyance and sediment transport. Maintenance of a primary low-flow channel, enforced by the presence of a stable riparian corridor, will improve sediment transport conditions throughout the flood control reach which will reduce the need for future maintenance/dredging. Improving the geomorphic condition, minimizing maintenance requirements, and improving water quality of the environmentally sensitive Arroyo Grande Creek supports the following environmental objectives:

- Purchase and conserve through easements, preserve, enhance, and restore land in ecologically sensitive ecosystems.
- Manage public lands access to encourage public involvement and stewardship.
- Manage stream flows to fish bearing streams, support a region-wide fish passage barrier prevention, circumvention and removal program, and implement fish friendly stream and river corridor restoration projects.
- Reduce the effects of invasive plant species, manage public properties to re-establish rare and special status native plant populations, and promote native drought tolerant plantings in municipal and residential landscaping.

The Nipomo Waterline Intertie Project protects the groundwater resources of the Nipomo Mesa Water Conservation Area by importing supplemental water supplies from a regional partner and allowing the groundwater resource conditions to improve. The project supports the following environmental objective:

- Conserve natural resources.

Groundwater Monitoring and Management Program

The goal of the Groundwater Monitoring and Management Program is to monitor, protect, and improve the regions groundwater through a collaborative approach designed to reduce conflicts without unfairly burdening communities, neighborhoods or individuals.

The Los Osos Community Wastewater Project supports the following groundwater objectives with the development of an inter-agency groundwater monitoring program as a component of the overall groundwater basin management plan. Groundwater monitoring reporting and requirements for adaptive management to address any adverse effects of the project are also required by the projects Coastal Development Permit.

- Develop monitoring and reporting programs for groundwater basins in the region.
- Protect and improve groundwater quality from point and non-point source pollution, including nitrate contamination; MTBE and other industrial, agricultural, and commercial sources of contamination; naturally occurring mineralization, boron, radionuclide, geothermal contamination; and seawater intrusion and salts.
- Conduct public education and outreach about ground water protection.
- Identify areas of known or expected conflicts and target stakeholders on specific actions that they should take to help protect groundwater basin quality and supply.
- Recharge ground water with high quality water.

The Nipomo Waterline Intertie Project will import water from the City of Santa Maria to the community of Nipomo. The project and partnership will improve water supply reliability by establishing a connection with the neighboring water supply; increase operational flexibility by participating in regional groundwater management and conjunctive use; allow in-lieu recharge of the groundwater basin; reduce costs by cooperating with other agencies on water conservation and outreach programs; alleviate groundwater conflicts in the Region through implementation of groundwater adjudication stipulated agreement requirements; and continue a rigorous groundwater monitoring and reporting program.

NCSD manually measures groundwater levels in its production wells on a monthly basis. In addition, the District has installed a real-time level transducer in one of its production wells and based on the performance to date, is now planning on installing transducers in three additional production wells when the well pumps are pulled for repair or maintenance in the future. The level data is reported to SLO County as well as the Nipomo Mesa Management Area (NMMA) Technical Group that is responsible for preparing a report to the Court on an annual basis regarding the health of the groundwater basin. The NMMA Technical Group has developed a Key Well Index to track overall basin groundwater levels. This program will continue when the Nipomo Waterline Intertie Project comes on-line so that the impact of the project on the health of the basin can be monitored.

The Nipomo Waterline Intertie Project supports the following groundwater objectives:

- Develop monitoring and reporting programs for groundwater basins in the region.
- Evaluate and consider Groundwater Banking Programs.
- Protect and improve groundwater quality from point and non-point source pollution, including nitrate contamination; MTBE and other industrial, agricultural, and commercial sources of contamination; naturally occurring mineralization, boron, radionuclide, geothermal contamination; and seawater intrusion and salts.
- Conduct public education and outreach about ground water protection.
- Identify areas of known or expected conflicts and target stakeholders on specific actions that they should take to help protect groundwater basin quality and supply.
- Recharge ground water with high quality water.

Purpose, Need and Consistency with the San Luis IRWMP

Each of the projects included in this proposal addresses a critical need for the region as identified in the adopted San Luis Obispo County IRWMP. The proposal's purpose, need and consistency with the San Luis IRWMP are described below.

Los Osos Community Wastewater Project

The Los Osos Community Wastewater Project was identified as an immediate priority wastewater strategy in Section D1.19 Water and Wastewater Treatment of the San Luis IRWMP. A community wastewater project has been planned for Los Osos for three decades. In 1983 the Central Coast Regional Water Quality Control Board established a wastewater prohibition zone in the coastal community of Los Osos, located on the southern boundary of Morro Bay National Estuary.

During the 1980's and 1990's, the County of San Luis Obispo led efforts to develop a community wastewater project. Concurrent with the California Coastal Commission's consideration of the County permit application, the voters of Los Osos approved the creation of the Los Osos Community Services District, which shortly thereafter took control of the wastewater project. The Los Osos CSD efforts, however unfortunate, unraveled. In 2005, after a recall, project efforts were suspended. Litigation and bankruptcy followed.

In 2006, Assembly Bill 2701 (Blakeslee, 2006) was approved unanimously by the State Assembly and State Senate, and signed by Governor Schwarzenegger on September 20, 2007. AB 2701 transferred the wastewater project authority back to the County. AB 2701 established a framework for the County to implement a project and provided protections to mitigate challenges that could lead to project failure. Currently, San Luis Obispo County is implementing project development strategies that address community concerns that resulted in the Los Osos CSD recall. Two previous projects have been planned and were almost implemented. In both cases, political pressures and community opposition led to failure of the planned projects. Within 11 months of acting under AB 2701, the County held a Prop 218 protest hearing and received an 80% "Yes" vote on assessments of nearly \$25,000 per single family dwelling unit equivalent.

A key element of the project approach was to establish project funding through Proposition 218 assessment proceedings and conduct a co-equal CEQA analysis, prior to making specific determinations on project technologies and sites. Work efforts in 2007 included the preparation of engineering reports, including cost estimates of viable project alternatives. Those reports provided the "body of evidence" supporting the Prop 218 assessments. In 2008, the project evaluated environmental impacts and walked the community through the detailed decisions associated with site and technologies within a framework of participatory government. The final EIR was certified on September 29, 2009. On June 11, 2010, the California Coastal Commission helped the project reach a significant milestone by unanimously (11 – 0) approving a Coastal Development Permit. The final approved project description is depicted in Figure 3.2.1 as a map with the collection system layout, treatment facility site, recycled water reuse areas, and other project components.

The County has adopted additional strategies in public hearing to ensure a successful project. From 2007 to 2009, the County Board of Supervisors had unprecedented weekly, then monthly, hearings on the project, and continues to have quarterly project updates at the public Board of Supervisors hearings. The quarterly updates, with additional hearings for specific items, are planned to continue throughout the project.

The Los Osos Community Wastewater Project was identified as a wastewater strategy in Section D1.19 Water and Wastewater Treatment of the San Luis IRWMP. While water quality is a primary purpose, several benefits exist in addition to the development of a community wastewater system.

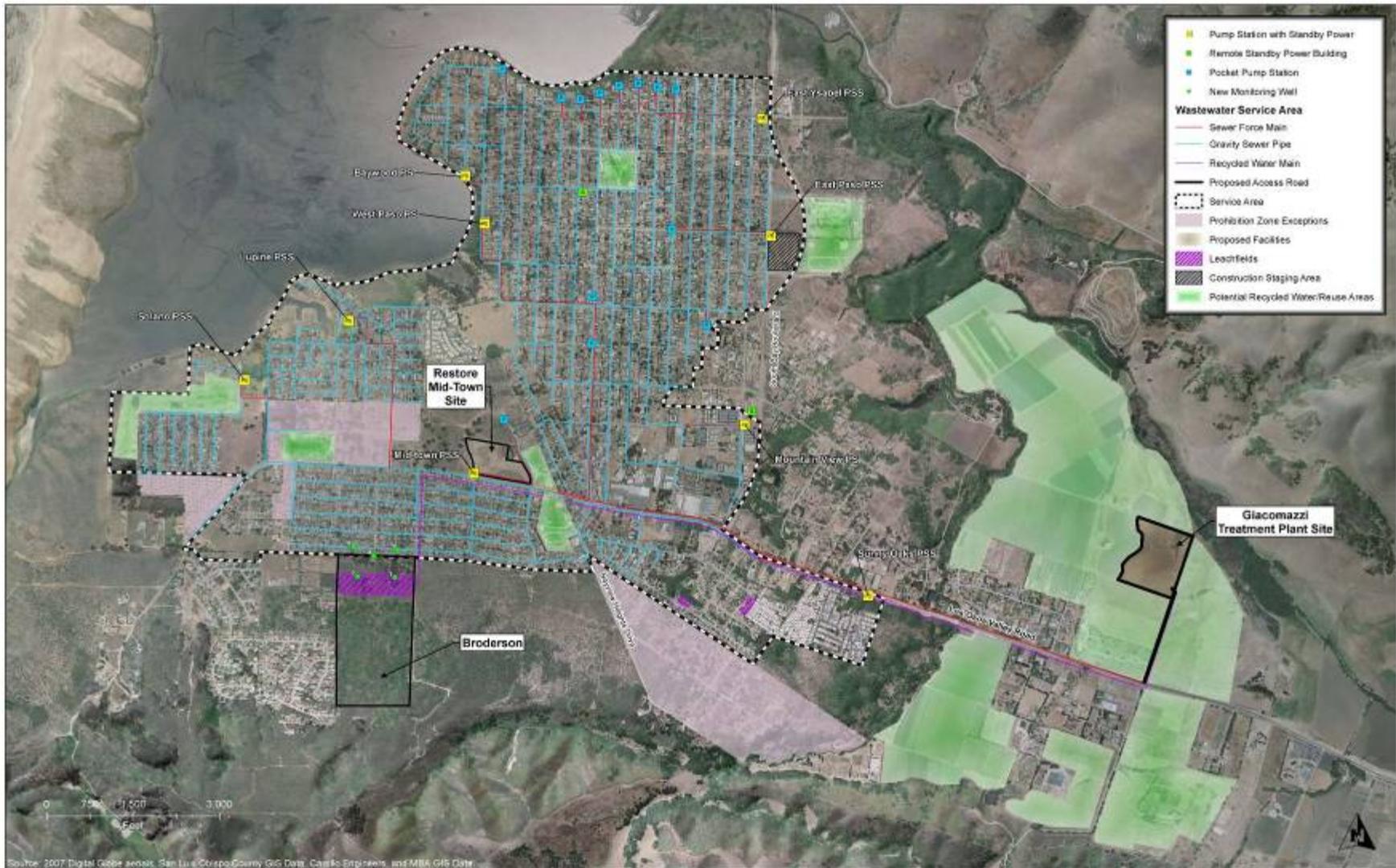
- Ecosystem and wetlands benefits, especially to the Morro Bay National Estuary will result from the elimination of septic system discharges to the shallow groundwater and the return of high quality recycled water to the groundwater basin;

- Groundwater conflict resolution, recharge and quality benefits will result from the increased water resources and mitigation of sea water intrusion provided by the return of recycled water to the groundwater basin and the cooperative process of identifying priorities for water reuse within the basin;
- Water supply reliability will be increased through the use of recycled water for irrigation;
- Protection against seawater intrusion will result from the percolation of recycled water in leachfields and the reduction of urban pumping to meet irrigation demand; and
- Compliance with TMDLs, stormwater programs and waste discharge requirements will result from the elimination of septic system discharges to the shallow groundwater, which often contaminates nearby surface waters.

As described in the IRWMP, the Los Osos Community Wastewater Project is consistent with the following San Luis IRWMP objectives:

- Implement Inter-Agency Projects
- Expand Reclaimed Water
- Protect and Improve Source Water Quality
- Development and Implementation of TMDLs
- Implement NPDES Phase 2 Stormwater Programs
- Support NPS Plan and conditional Ag waiver
- Comply with new Waste Discharge Requirements
- Protect Ecologically Sensitive Lands
- Conserve Natural Resources
- Monitor the Region's Groundwater Basins
- Protect Groundwater from Point and Non-Point Pollution
- Groundwater Public Outreach and Education
- Groundwater Conflict Resolution
- Groundwater Recharge with High Quality Water
- Integrate Ecosystem, Drainage, Recharge into Development

Figure 3.2.1: Los Osos Community Wastewater Project Description



Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project

The Flood Control Zone 1/1A Waterway Management Program (WMP – Exhibit 3A) was identified as a flood management strategy in Section D1.4 Flood Management of the San Luis IRWMP. Flood Control Zone 1/1A is centered on Arroyo Grande Creek and includes communities from Arroyo Grande to Oceano. The Zone 1/1A Waterway Management Program is a comprehensive set of actions designed to increase the capacity of the leveed lower three miles of Arroyo Grande Creek while simultaneously enhancing water quality and sensitive species habitat within the managed channel. Actions include raising the height of the existing levees, managing in-channel vegetation to enhance habitat, reducing sediment deposition within the channel, implementing specific sediment removal projects, and raising the Union Pacific Railroad Bridge to accommodate higher water levels.

In addition to activities specifically addressed in the WMP relating to the Arroyo Grande Creek channel, a Memorandum of Understanding (MOU) is in place that is designed to improve watershed conditions and limit sediment delivery from upslope areas to impacted reaches of Arroyo Grande Creek such as the flood control reach of the proposed project. The County of San Luis Obispo and the County Flood Control and Water Conservation District became a signatory to the Arroyo Grande Creek Watershed MOU on April 22, 2008. The purpose of the MOU is to enhance an overall understanding of watershed issues and promote consensus between the parties in order to better protect, manage and enhance the Arroyo Grande Creek watershed.

By signing the MOU, the County showed its support for collaborative watershed management. Other signatories of the MOU include: the City of Arroyo Grande, San Luis Obispo Coastal Resource Conservation District (RCD), and the Central Coast Salmon Enhancement. The RCD and the Central Coast Salmon Enhancement have become key advocates for the MOU and are working with other resource agencies to become signatories, including: US Fish and Wildlife Service, Natural Resource Conservation Service, CA Department of Fish and Game, and CA Department of Parks and Recreation. The CA Regional Water Quality Control Board was solicited for signature, but was unable to sign and instead endorsed the MOU.

The 1st Year Vegetation and Sediment Management Project, included in this grant proposal, is one phase of the overall Waterway Management Program. The project includes continuing design, permitting and construction of the project to provide flood protection from the 5 year event. The existing channel capacity is severely reduced due to dense vegetation and accumulated sediment and can only contain the 2.8 year flood event. This project would improve the flow characteristics of the channel by reducing channel roughness through vegetation thinning and removal and would enhance geomorphic function by removing accumulated sediment, establishing a primary low-flow channel, and creating secondary overflow channels to improve flood conveyance and sediment transport. Maintenance of a primary low-flow channel, enforced by the presence of a stable riparian corridor, will improve sediment transport conditions throughout the flood control reach which will reduce the need for future maintenance/dredging and provide continued flood protection for the disadvantaged community of Oceano and the highly productive agricultural areas of Cienega Valley. Award of this grant would advance the completion date of this project approximately 10 years, from 2022 to 2012. As described in the IRWMP, the 1st Year phase is consistent with the following San Luis IRWMP objectives:

- Protect and Improve Source Water Quality
- Development and Implementation of TMDLs
- Support NPS Plan and Conditional Ag Waiver
- Protect Ecologically Sensitive Lands
- Implement Fish Friendly Projects
- Manage Public Lands Access to Promote Stewardship
- Reduce Invasive Plants and Promote Native Plants
- Distinguish Root Cause of Flooding
- Integrate Ecosystem, Drainage, Recharge in Developments
- Minimize Risk of Dam/Levee Failure
- Develop Financial Programs for Flood Projects

- Public Outreach, Education and Advocacy

Nipomo Waterline Intertie Project

The Nipomo Community Services District (NCSD), Woodlands Mutual Water Company (WMWC), Golden State Water Company (GSWC) and Rural Water Company (RWC) currently rely on groundwater to provide water service to customers. These water purveyors rely on groundwater from the underlying Nipomo Mesa Management Area (formerly known as Nipomo Mesa Groundwater Sub-basin) of the Santa Maria Groundwater Basin (Figure 3.4.1).

In 1997, the Santa Maria Valley Water Conservation District filed a groundwater adjudication lawsuit involving the Santa Maria Groundwater Basin that stretches from Orcutt to the South to Pismo Beach to the North (Figure 3.4.2). The greater Santa Maria Groundwater Basin includes waters underlying the Nipomo Mesa area (at the time commonly known as the Nipomo Hydrologic Sub-basin). The parties to the lawsuit included the City of Santa Maria, landowners and other water purveyors that pump groundwater from the Santa Maria Groundwater Basin including NCSD, WMWC, GSWC, and RWC.

After the adjudication lawsuit was filed in 1997, a number of groundwater studies were completed in the Nipomo Mesa area in order to assess the status of groundwater resources and the purpose and need for a solution. These studies include:

1. Water Resources of the Arroyo Grande – Nipomo Mesa Area, prepared by the California Department of Water Resources (DWR), October 25, 2002. (Exhibit 4A)
2. Nipomo Mesa Groundwater Resource Capacity Study prepared at the request of the County of San Luis Obispo (the “County”) by the firm of S.S. Papadopoulos & Associates, Inc., March 2004. (Exhibit 4B)
3. Water Supply in the Nipomo Mesa Area, a Resource Capacity Study prepared by the County of San Luis Obispo, Department of Planning and Building, October 2004. (Exhibit 4C)

The 2002 DWR Report concluded that overdraft of the Santa Maria Groundwater Basin is not likely through the year 2020 but indicates that projected water demands exceed the dependable safe yield of groundwater in the Nipomo Mesa Sub-Area.

The 2004 Groundwater Capacity Study concluded that the Nipomo Mesa Sub-Area is currently in overdraft.

The 2004 Resource Capacity Study indicated that in order to maintain sustainability of the Nipomo Mesa groundwater supply, total extractions would have to be stabilized at 6,000 acre-feet per year (as first indicated in the DWR Report) and that sustainability can be achieved through a combination of conservation and water supply augmentation.

On September 7, 2004, in recognition of the findings and recommendations contained in the DWR Report and the County Capacity Studies, NCSD entered into a Memorandum of Understanding (MOU) with the City of Santa Maria. The MOU included the purchase of approximately 2,500 acre-feet of water per year to provide supplemental water for the exclusive use of the NCSD.

In 2005, the Court, in its Partial Statement of Decision *Re Trial Phase III*, found:

“No evidence of seawater intrusion, land subsidence, or water quality deterioration that would be evidence of overdraft has been presented. Some wells in the Nipomo Mesa area do show lowering of water levels that may result from the pumping depression or other cause, and there may be some effects in that portion of the Basin that are not shared Basin-wide. But, that is not sufficient in any event to demonstrate Basin-wide overdraft” (totality of the greater Santa Maria Groundwater Basin).

Figure 3.4.1: Nipomo Mesa Management Area Water Purveyors

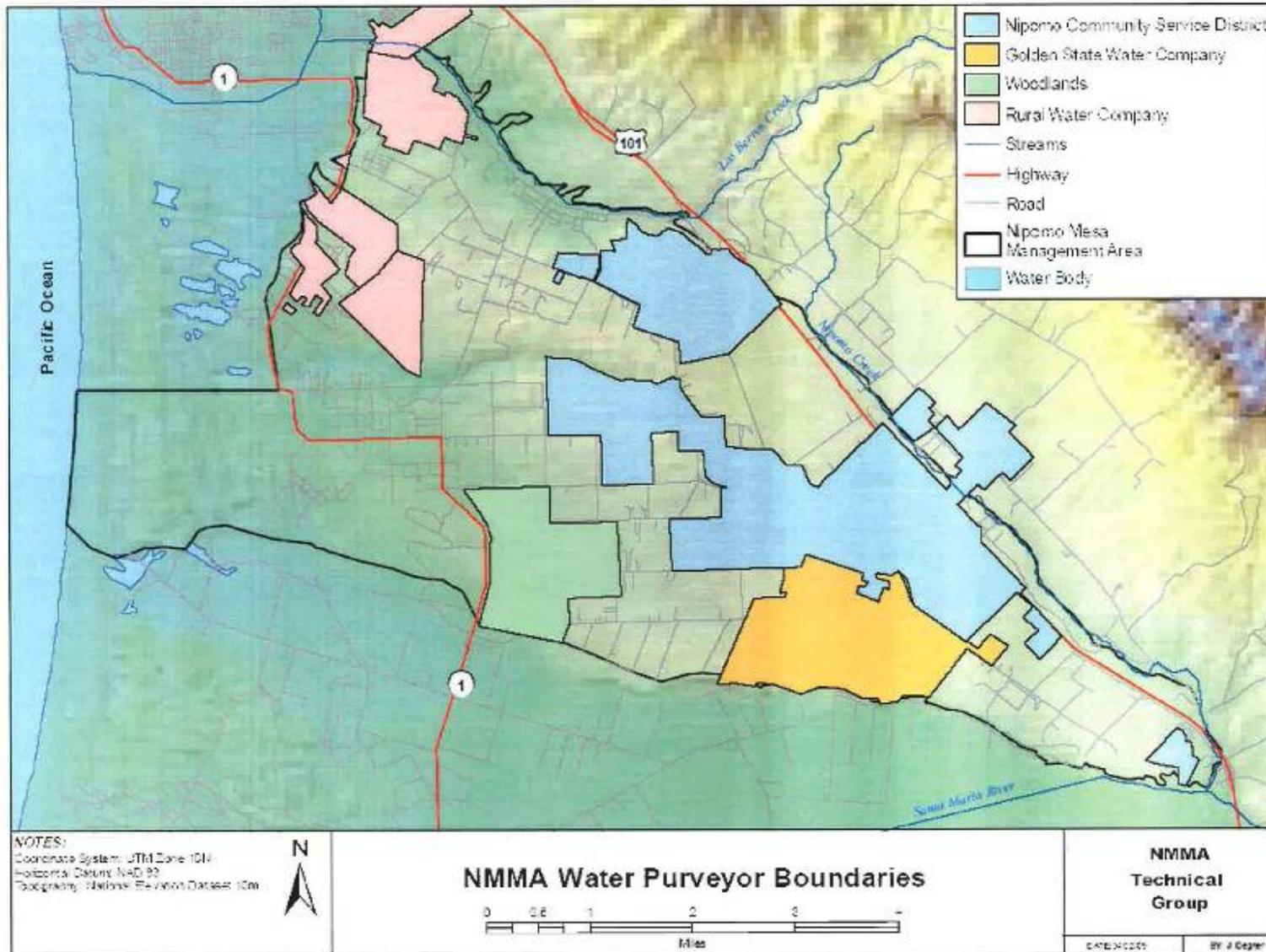
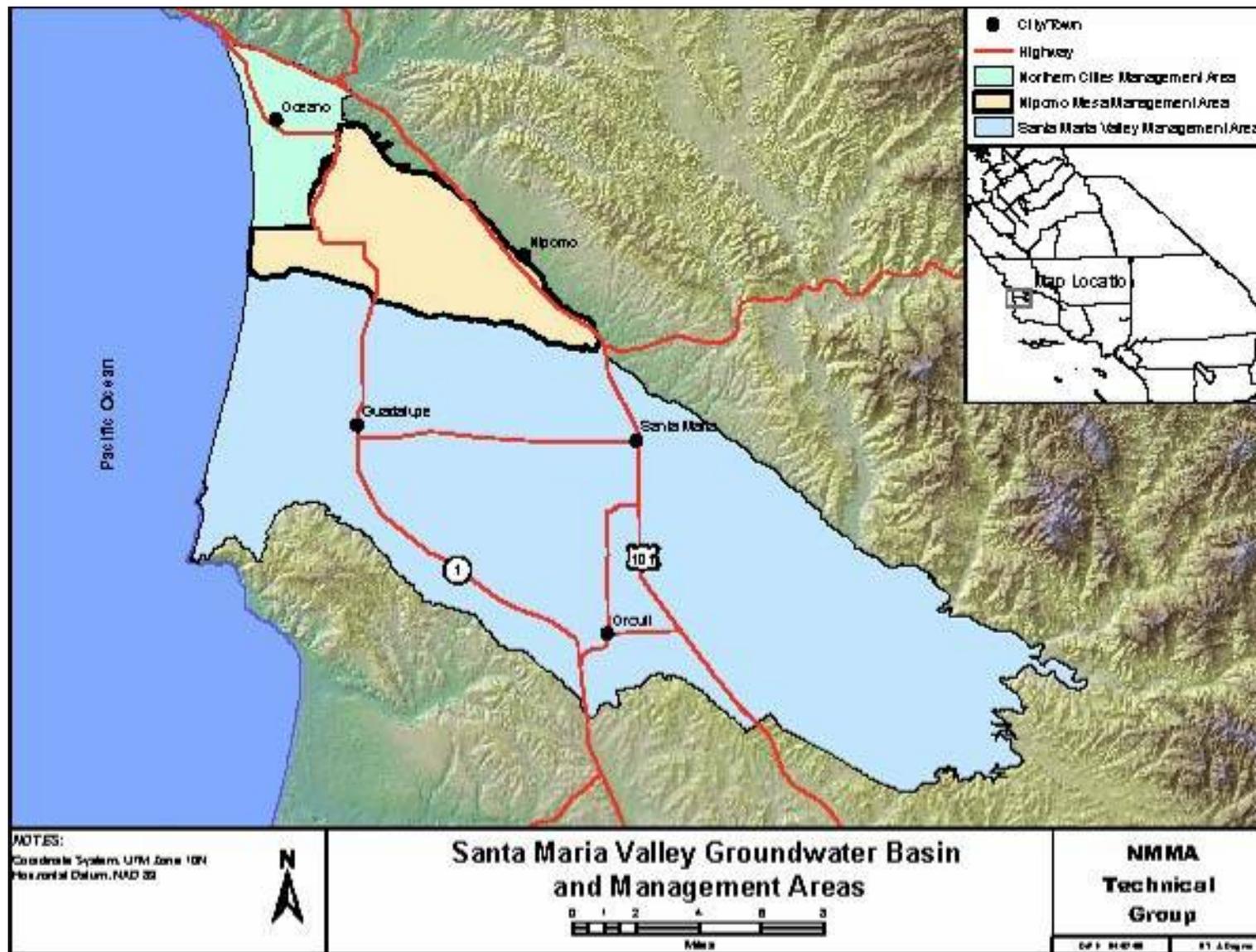


Figure 3.4.2: Santa Maria Groundwater Basin



Subsequently, many of the parties including NCSO, WMWC, GSWC, City of Santa Maria, and County of San Luis Obispo signed a June 30, 2005, Stipulation (the “Stipulation” – Exhibit 4D). The Stipulation was approved by the Court and the parties were ordered to comply with the terms of the Stipulation.

The Stipulation divides the Santa Maria Groundwater Basin into three management areas known as the Santa Maria Valley Management Area (Southern portion of the Groundwater Basin) the Nipomo Mesa Management Area (the NMMA) (the center portion of the Groundwater Basin) and the Northern Cities Management Area (the northern portion of the Groundwater Basin).

Pursuant to the Stipulation, WMWC, GSWC and RWC agreed to participate in the Nipomo Waterline Intertie Project that is the subject of the 2004 MOU. As outlined in the Stipulation, the 2,500 AF is to be divided up as follows:

NCSO	66.68% or 1,669 AFY
WMWC	16.66% or 415 AFY
GSWC	8.33% or 208 AFY
RWC	8.33% or 208 AFY

After entering into the 2005 Stipulation, several additional studies have been prepared by NCSO in order to further evaluate alternatives to the Waterline Intertie Project, including:

1. The Preliminary Engineering Memorandum, Boyle Engineering, November, 2006. (Exhibit 4E)
2. Evaluation of Supplemental Water Alternatives – Technical Memorandum No. 1, Boyle Engineering, June 2007. (Exhibit 4F)
3. Evaluation of Desalinization as a Source of Supplemental Water - Technical Memorandum No. 2, Boyle Engineering, September 28, 2007. (Exhibit 4G)
4. Evaluation of Supplemental Water Alternatives - Technical Memorandum No. 3, Boyle Engineering, November 30, 2007. (Exhibit 4H)

These memoranda confirmed that the Waterline Intertie Project is the most feasible project to provide alternative water sources within the Nipomo Mesa Water Conservation Area.

On June 22, 2007, the County Board of Supervisors certified the Severity Level III for water resources underlying the Nipomo Mesa Water Conservation Area. Table F of the County’s Resource Management System describes the severity levels as follows:

Table F RESOURCE DEFICIENCY CRITERIA FOR LEVELS OF SEVERITY		
Level I	Level II	Level III
Projected consumption estimated to exceed dependable supply within 9 years	7 year lead time to develop supplementary water for delivery to users	Resource is being used at or beyond its estimated dependable supply or will deplete dependable supply before new supplies can be developed

The Nipomo Waterline Intertie Project as currently designed will provide a total of 3,000 AFY of supplemental water to the Nipomo Mesa Management Area. The project will provide 2,500 AFY of supplemental water pursuant to the stipulation and an additional 500 AFY of supplemental water to serve future development within the existing NCSO boundaries in accordance with the County of San Luis Obispo South County Area Plan (General Plan), September 2006 (see MOU with City of Santa Maria – Exhibit 4I).

Additionally, pursuant to the Stipulation, the NCSO, Woodlands Mutual Water Company, Golden State Water Company, Conoco Phillips and an Agricultural representative formed the Nipomo Mesa Management Area Technical Group to monitor the groundwater underlying the Nipomo Mesa Management Area, to file reports with

the Court and to make recommendations to the Court. Commencing in June 2008, the Nipomo Mesa Management Area Technical Group has filed annual reports with the Court pursuant to the 2005 Stipulation. The 2009 Annual Report (Exhibit 4J) makes the following recommendations related to the Supplemental Water Project:

“Supplemental Water Supply – An alternative water supply that would allow reduced pumping within the NMMA is likely to be the most effective method of reducing the stress on the aquifer and allow groundwater elevations to recover. The Nipomo Supplemental Water project is likely to be the fastest method of obtaining alternative water supplies. Given the Potentially Severe Water Shortage Conditions within the NMMA and the other risk factors discussed in this Report, the TG recommends that this project be implemented as soon as possible”.

The 2009 Northern Cities Management Annual Report indicates that during the reporting period the interface/mixing zones between seawater and fresh water shifted inland in the Oceano area that borders the NMMA’s northern boundary. Subsequent reports from the Northern Cities Management Area indicate that this mixing zone has moved offshore.

The Nipomo Waterline Intertie Project will protect and improve the Nipomo Sub-Area groundwater basin, will deliver high quality drinking water, implement an inter-agency project, protect the groundwater resources for the region, and will help alleviate the groundwater conflicts in the region. As described in the IRWMP, the Nipomo Waterline Intertie Project is consistent with the following San Luis IRWMP objectives:

- Protect and Improve Source Water Quality
- Meet Drinking Water standards
- Implement Inter-Agency Projects
- Conserve Natural Resources
- Monitor the Region’s Groundwater Basins
- Evaluate Groundwater Banking Programs
- Protect Groundwater from Point and Non-Point Pollution
- Groundwater Public Outreach and Education
- Groundwater Conflict Resolution
- Groundwater Recharge with High Quality Water

Synergies and Linkages between Projects

Descriptions of the synergies or linkages between the projects that result in added value, or require coordinated implementation or operation are described in this section. As described in the previous section, each of the projects included in this grant proposal is encompassed by a larger IRWMP program. The projects within each program work together to provide synergistic benefits, and in some cases, linkages also exist across programs.

The projects from the Water Quality, Flood Management and Water Supply Programs which are seeking funding – Los Osos Community Wastewater Project, Flood Control Zone 1/1A Waterway Management Program, and Nipomo Waterline Intertie Project – each play a critical role solving problems locally and maintaining local control, assisting disadvantaged community members and addressing environmental justice issues, and helping to resolve agricultural and urban tensions.

Solving problems locally and maintaining local control

State regulatory agencies are currently highly involved in the Los Osos Community Wastewater Project. The sole authority to develop a wastewater project for the community of Los Osos was transferred to the County on January 1, 2007, by Assembly Bill 2701 (Blakeslee). This legislation called for the County to conduct assessment proceedings under Proposition 218, which have been completed. Prior to the levy of the approved assessments the County is also required to conduct a due diligence review of the project to establish its feasibility for completing project delivery. The due diligence review will consider regulatory, financial and legal issues related to the project.

Upon completion of the due diligence review, the County is required to adopt a resolution to establish its intention to proceed with the project. Obtaining grants to help mitigate the affordability impacts is one of several issues being evaluated in the due diligence period. Successful implementation of the County's project will alleviate the risk of continued and/or elevated enforcement actions by State regulatory agencies and eliminates the risk of State project implementation.

In April 2003, the County Board of Supervisors, acting as the San Luis Obispo County Flood Control and Water Conservation District, passed a "Resolution to Relinquish the Arroyo Grande and Los Berros Diversion Flood Control Channels and Appurtenant Structures to the State of California". In response to impending assessments estimated by DWR, the Zone 1/1A Advisory Committee comprised of agriculturalists and other local residents and various stakeholders, actively lobbied the County Board of Supervisors to restore funding for a study of flood control alternatives, which had been dropped with the decision to relinquish responsibility to DWR in 2003. On June 14, 2005, County Board of Supervisors unanimously voted to delay for 12 months relinquishment to DWR of maintenance responsibility for Arroyo Grande Creek Flood Control Channel, in order to give the local community time to investigate options for managing the channel locally. As a result of community efforts, in April 2006, the San Luis Obispo County Public Works Department coordinated preparation of an Assessment Engineers Report and Proposition 218 ballots were mailed to Zone 1/1A property owners for a vote on whether to increase local assessments for channel maintenance. On June 8, 2006, the SLO County Clerk-Recorder's Office announced passage of the Proposition 218 measure with 89% of votes cast. Consequently, County Board of Supervisors voted unanimously to rescind their 2003 resolution to relinquish the flood control channel to DWR, thereby keeping management of the channel in local hands.

On June 30, 2005, NCSO, WMWC, GSWC, City of Santa Maria, and County of San Luis Obispo signed a Stipulation. The Stipulation was approved by the Court and the parties were ordered to comply with the terms of the Stipulation. Pursuant to the Stipulation, WMWC, GSWC and RWC agreed to participate in the Nipomo Waterline Intertie Project. Implementation of the project will help maintain local control of the groundwater basin.

Each of these projects contributes to maintaining local control of the San Luis Region's water resources.

Assisting Disadvantaged Community Members and Addressing Environmental Justice Issues

As indicated in Figures 3-2 and 3-3 above, all three projects serve disadvantaged communities (DACs). The general approach to identifying DACs in the sub-regions served by the projects was to download the 2000 Median Household Income (MHI) Block Group Maps from the Census Bureau websites. 2000 Census Data for the State of California was also downloaded from the Census Bureau website to establish the statewide MHI and determine whether Block Groups met the definition for a DAC (MHI of 80% or less of the statewide MHI). Data from the 2000 Census shows **Statewide MHI at \$47,493**. To qualify as a DAC, the Block Group would need to have an MHI of **\$37,994 or less** ($80\% * \$47,493 = \$37,994$).

Assembly Bill 2701 went into effect on January 1, 2007, and transferred the sole authority to develop a community wastewater project in Los Osos from the Los Osos Community Services District (LOCSO) to the County of San Luis Obispo (DAC Block Group MHI = \$32,188). During the drafting of this legislation, the County Board of Supervisors approved a legislative platform on June 19, 2006, and established initial project strategies and objectives, including the following:

- Initial \$2 million budget prior to Proposition 218 proceedings
- Community input through a Technical Advisory Committee and a Community Advisory Survey
- Conduct Proposition 218 assessment proceedings to establish project funding
- Target grant revenue to disadvantaged individuals
- Co-Equal Analysis under CEQA
- Seek LOCSO input on water management objectives

As part of the objective to support disadvantaged individuals, the County has identified alternative funding sources. Some sources of funds are not grant sources, but the net effect is still a reduction in realized costs for the household.

Two identified programs are the Controller's Property Tax Postponement for Senior Citizens, Blind or Disable Citizens and the Franchise Tax Board's Homeowner and Renter Assistance program. While not certain that these programs can cover the cost of the assessment, they do have the ability to lower property tax bills and relieve the homeowner of some costs. Unfortunately, these programs are postponed; however the County is monitoring the programs and hope they will be reinstated by project start up in 2014.

In the south County, portions of Oceano and Nipomo, both unincorporated communities, are economically disadvantaged, with both communities consisting of predominately Hispanic residents. However, these neighborhoods are contained within larger communities that are clearly not economically disadvantaged. As result, both areas have the advantages of equal treatment because of their location within the larger community, but are both distinct enough to qualify for various forms of financial assistance to ensure that both basic community infrastructure improvements and community amenities are provided.

Major needs of the disadvantaged communities within Oceano (DAC Block Group MHI = \$37,774) and Nipomo (DAC Block Group MHI = \$28,403 - \$31,875) can be met through implementation of the regional water management programs. The Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project and the Nipomo Waterline Intertie Project directly benefit these disadvantaged by improving water quality, increasing water supply reliability, and protecting against flooding as described below.

The unincorporated community of Oceano, located in south County, qualifies under the State's definition as a disadvantaged community and is the main community that would benefit from the implementation of the Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project included in this proposal. Maintenance of a primary low-flow channel, enforced by the presence of a stable riparian corridor, will improve sediment transport conditions throughout the flood control reach which will reduce the need for future maintenance/dredging and provide continued flood protection for the disadvantaged community of Oceano and the highly productive agricultural areas of Cienega Valley. Award of this grant would advance the completion date of this project approximately 10 years, from 2022 to 2012.

The Nipomo Waterline Intertie Project directly benefits the community of Nipomo. The Nipomo CSD will be constructing treatment facilities and a pipeline to transfer 3,000 AF of supplemental water per year within the Santa Maria Basin to resolve overdraft of groundwater in the Nipomo Mesa Groundwater Management Area. This project integrates water supply reliability and groundwater management strategies through inter-agency cooperation.

Helping to resolve agricultural and urban tensions

Opportunities for partnering with the agricultural community and improving groundwater basin conditions are being considered with the development of the County's Los Osos Community Wastewater Project. Specifically, water supply and groundwater management evaluations conclude that exchange programs with local agriculture can balance basin-wide pumping with the sustainable (i.e. safe yield) of the basin and avoid reliance of imported supplies.

Implementation of the Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management Project would result in the protection of both homes and agricultural lands. Maintenance of a primary low-flow channel, enforced by the presence of a stable riparian corridor, will improve sediment transport conditions throughout the flood control reach which will reduce the need for future maintenance/dredging and provide continued flood protection for the disadvantaged community of Oceano and the highly productive agricultural areas of Cienega Valley. Award of this grant would advance the completion date of this project approximately 10 years, from 2022 to 2012.

The Nipomo Waterline Intertie Project will import a new potable water supply and allow a reduction in groundwater pumping, thereby allowing the continued sustainable use of groundwater for agricultural irrigation. The regional project helps alleviate the agricultural and urban conflict over use of the strained groundwater resources.

Completed Work

A description of the work that has been completed or is expected to be completed prior to June 1, 2011 is described below for each of the projects.

Project Number 1. IRWM Implementation Grant Administration

San Luis Obispo County (County) will be the grant administrator and fiscal agent for the Proposition 84 IRWM Implementation Grant, if awarded. The grant administration work will begin immediately upon notification of proposed grant award. The County will immediately begin work on the development, negotiation, and securing of the DWR grant agreement and the project sponsor agreement with Nipomo Community Services District. Work on this project has not begun. The activities that will be performed for this project are described in the Task section of the Work Plan.

Project Number 2. Los Osos Community Wastewater Project

A community wastewater project has been planned for Los Osos for three decades. Two previous projects have been planned and were almost implemented. In both cases, political pressures and community opposition led to failure of the planned projects. This Work Plan is the result of identifying past failures, recognizing potential challenges and mitigating those challenges. Assembly Bill 2701 (Blakeslee, 2006) established a framework for the County to implement a project and provided protections to mitigate challenges that could lead to project failure. The County has adopted additional strategies in public hearings to ensure a successful project. From 2007 to 2009, the County Board of Supervisors had unprecedented weekly, then monthly, hearings on the project, and continues to have quarterly project updates at the public Board of Supervisors hearings. The quarterly updates, with additional hearings for specific items, are planned to continue throughout the project

A key element of the project approach was to establish project funding through Proposition 218 assessment proceedings and conduct a co-equal CEQA analysis, prior to making specific determinations on project technologies and sites. Work efforts in 2007 included the preparation of engineering reports, including cost estimates of viable project alternatives. Those reports provided the “body of evidence” supporting the Proposition 218 assessments. In 2008, the project evaluated environmental impacts and walked the community through the detailed decisions associated with site and technologies within a framework of participatory government. The final EIR was certified on September 29, 2009. On June 11, 2010, the California Coastal Commission helped the project reach a significant milestone by unanimously (11 – 0) approving a Coastal Development Permit.

As the project moves into construction phase, numerous tasks will be overseen by the County. Major Tasks that have been completed or are partially completed are:

- Task 1: Project Administration
- Task 2: Land Purchase/Easement
- Task 3: Planning/Design/Engineering/Environmental Documentation
- Task 4: Construction/Implementation
- Task 5: Environmental Compliance/Mitigation/Enhancement
- Task 6: Construction Administration
- Task 7: Other Tasks

Task 1: Project Administration (Budget Category a)

Assembly Bill 2701 went into effect on January 1, 2007, and transferred the sole authority to develop a community wastewater project in Los Osos from the Los Osos Community Services District (LOCSO) to the County of San Luis Obispo. During the drafting of this legislation, the County Board of Supervisors approved a legislative platform on June 19, 2006, and established initial project strategies and objectives, including the following:

- Initial \$2 million budget prior to Proposition 218 proceedings
- Community input through a Technical Advisory Committee and a Community Advisory Survey
- Conduct Proposition 218 assessment proceedings to establish project funding

- Target grant revenue to disadvantaged individuals
- Co-Equal Analysis under CEQA
- Seek LOCSD input on water management objectives

The County initially approved a \$2 million budget, established consultant contracts, and created the Technical Advisory Committee (TAC) in advance of the effective date of AB 2701 on January 1, 2007. After successful completion of the Proposition 218 assessment proceedings, the County has increased the budget allocations to a total of \$8.2 million. The budget to date has funded a range of administration, planning, engineering and environmental tasks, most significantly the environmental review and permit processes, resulting in certified CEQA and NEPA documents and an approved Coastal Development Permit.

Technical Advisory Committee

The Technical Advisory Committee (TAC), comprised of fourteen residents of the Los Osos community and divided into three technical working groups—Engineering/Water Resources, Environmental, and Financial, was convened in 2007 and 2008. Prior to the Proposition 218 proceedings, the TAC completed a series of reports analyzing the pros and cons of various project alternatives. The TAC also reviewed and provided input to the County regarding the technical analysis prepared to support the EIR. The TAC functioned to provide a public forum for community involvement and feedback related to the project and, in return, to share project details with the community. These efforts are in addition to the ongoing hearings of the Board of Supervisors. Lastly, District 2 Supervisor Bruce Gibson conducts bi-monthly office hours in Los Osos to review project efforts, (its scope, schedule and budget) with constituents.

Milestones:

Engineering Alternatives Screening Analysis	August 2007
Technical Advisory Committee Pro/Con Analysis	August 2007

Proposition 218 Assessment Proceedings

The County created a wastewater assessment district and conducted the related Proposition 218 proceedings in the fall of 2007 (Assessment Engineer’s Report, Exhibit 2A). These actions provided for a property owner vote which resulted in an 80% majority in favor of the assessment. Approximately \$127 million in assessments on developed real property were approved for the wastewater project and the associated liens on real property have been established. Additional proceedings are anticipated to propose \$27 million in assessments on undeveloped properties, or the County may alternatively impose connection fees. The primary factor that will determine this decision is the timing of cooperative efforts with the three community water purveyors. If these efforts (independent of wastewater project efforts but part of existing groundwater litigation) are successful, then the assessments on undeveloped properties will be proposed. If water management efforts are not completed by water purveyors on time, then reliance on wastewater connection fees for new development will be needed.

Legal: Proposition 218 Assessment Proceedings

The County retained outside bond counsel from Orrick, Herrington, and Sutcliffe to provide legal advice during the Proposition 218 assessment proceedings. This firm is a statewide leader in assessment district proceedings and has a history of drafting and litigating assessment law. Bond counsel advised on the establishment of the Proposition 218 vote and the determination of special versus general benefits and was available for all public hearings, including the protest hearing. Bond counsel also observed the ballot counting procedures and reviewed the written protests submitted in response to the proposed assessments.

During the initial project planning stages it was anticipated that legal challenges to the Proposition 218 proceedings would be made. Outside counsel was retained to help minimize the risk of exposure to litigation and establish the proceedings in a legally defensible manner. However, the Proposition 218 vote in the fall of 2007 was approved with an 80% majority and no legal challenges to the levied assessments were filed. \$127 million in property assessments were established in December 2007.

Milestone:

Proposition 218 Assessments Established

December 2007

Proposition 218 Service Charges Ordinance

The County introduced a service charges ordinance and conducted the related Proposition 218 proceedings in the fall of 2010 (Service Charges Ordinance, Exhibit 2B). These actions provided for a protest hearing, which required a majority protest of the effected property owners to reject the ordinance. There was not a majority protest (only 15% protested) and the ordinance was adopted by the County. The service charges ordinance establishes approximately \$5.7 million in annual service charges to fund ongoing operations and maintenance and debt service on debt not secured by assessments. The service charges include a flat rate, which covers the debt service portion of the costs and a variable rate, based on estimated indoor water use, which covers the operations and maintenance portion of the costs. The ordinance also includes two rate schedules for the flat rate. The basic rate schedule applies to the current debt projection and covers all capital costs above \$127 million, which is the amount of assessments already established. A reduced rate schedule will automatically go into effect when the collection of assessments or connection fees from currently undeveloped properties is approved. The primary factor in the timing of undeveloped property assessments or connection fees is the timing of cooperative efforts with the three community water purveyors to develop a basin management plan that identifies the water resources needed for new development.

Legal: Proposition 218 Service Charges Ordinance

The County retained Meyers Nave as special counsel for the Proposition 218 service charge proceedings. The service charge ordinance was introduced on October 26, 2010 and concluded on December 14, 2010 at a public hearing before the Board of Supervisors (after the legally required 45-day protest period). The service charges provide the required revenue for debt service on all capital costs not covered by the Proposition 218 assessments, as well as ongoing operations and maintenance costs. While it was necessary to adopt the service charges in 2010 as a condition of project financing commitments, the actual collection of service charges will not begin until the project is completed in 2014. A revenue analysis to support the proposed services charges was prepared by Public Financial Management, Inc., the financial consultant to the County. The service charges include provisions for the following:

- a. A basic rate schedule that will authorize collection of service charges upon the Board's declaration that the Project is operational.
- b. A component of the basic rate schedule that will automatically be reduced upon Board action to approve the collection of assessments and/or connection fees on undeveloped properties within the Project service area.
- c. Incorporate into the rate schedule a variable component that is based on estimated indoor water usage, and developed to recover the estimated Annual Operations, Maintenance and Replacement Costs of the Project.

Service Charges to cover debt service and operations and maintenance were established in December 2010.

Milestone:

Proposition 218 Service Charges Established

December 2010

Peer Review

A significant amount of preliminary engineering was conducted in 2007 prior to the Proposition 218 proceedings. These efforts provided a basis for the assessment engineer's report and identified viable project options which the community could reasonably expect to be considered for construction. The viable project options are those technologies that are identified as the most feasible or cost effective in the Fine Screening Report.

financing will primarily fund the collection system construction, so the design-build process for the collection system has been cancelled.

The treatment facility design-build process is continuing, with a Request for Proposals (RFP) being developed in mid-2011. The RFP will include a design-build selection model (see Task 3D: Engineering/Water Resources Planning: Design). The model will be developed to reflect the guidelines of the Design Build Institute of America (DBIA) and State Revolving Fund (SRF) loan program. The criteria developed in the selection model will be available to potential bidders in the design-build RFP process to allow for responsive proposals. The County and the independent technical review panel will use the model to select a “best value” contractor

The design-build selection model will be used as an analysis tool in the overall RFQ/RFP best value selection process, which will be established according to DBIA and SRF guidelines. A discussion of the selection process and a review flowchart is presented below in Task 3: Design of Work Items.

Milestone:

Design Build Request for Qualifications	February 2009
Approval of USDA Rural Development Stimulus Funds	August 2010
Treatment Facility Design-Build RFP and Selection Model	June 2011
Final Collection System Design	June 2011

Due Diligence Review/Resolution

The sole authority to develop a wastewater project for the community of Los Osos was transferred to the County on January 1, 2007, by Assembly Bill 2701 (Blakeslee). This legislation called for the County to conduct assessment proceedings under Proposition 218, which have been completed. Prior to the levy of the approved assessments the County is also required to conduct a due diligence review of the project to establish its feasibility for completing project delivery. The due diligence review will consider regulatory, financial and legal issues related to the project. Upon completion of the due diligence review, the County is required to adopt a resolution to establish its intention to proceed with the project. The due diligence review is scheduled to be completed by February 2011.

Milestone:

Due Diligence Resolution	February 2011
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Task 2: Land Purchase/Easement (Budget Category b)

Real property and right of way is required for the collection, treatment, and reuse components. AB 2710 established the authority to transfer wastewater project related rights-of-ways from the Los Osos CSD to the County in January, 2007. Therefore, the land acquisition efforts are substantially complete with the primary exception being the treatment plant site, since the site identified for the LOCSO project will not be used. The County is currently obtaining the remaining rights of way and real property for the collection system construction. Purchases and final easements, resulting in a Right of Way Certification are discussed in Task 2 of Work Items.

Task 3: Planning/Design/Engineering/Environmental Documentation (Budget Category c)

There are a number of issues directly or indirectly related to the wastewater project that have been considered in the project planning process. In addition to siting and selecting wastewater technologies, community and regulatory input has identified potential impacts to water resources, species habitat, economics, affordability, and community build-out as items requiring planning considerations. Planning tasks are categorized by Engineering/Water Resources, Financial, and Environmental

Task 3A: Engineering/Water Resources Planning

Rough and Fine Screening Reports

The history of the wastewater project in Los Osos has resulted in an unprecedented level of community involvement in the technical details of the collection and treatment of wastewater. Numerous reports have analyzed the various project components. However, a comparison of past reports reveals conflicting criteria, costs estimates, and conclusions. The lack of community consensus, as well as the sheer number of potential technology options that may be applied, highlighted the need for a screening process to identify the most viable options.

In 2007, the County produced a series of reports which divided the wastewater project into its major components and identified the most viable options for each component based on cost, engineering feasibility, and environmental constraints. The following components were evaluated:

- Collection system
- Treatment process
- Sludge handling
- Effluent reuse/disposal
- Facility siting

The Screening Reports (Exhibits 2C and 2D) serve several planning purposes and support multiple items in the work plan. The reports identified a range of options that the community can reasonably expect to be implemented and focus the discourse on those options. The Technical Advisory Committee, through a series of public, community meetings, debated and analyzed the pros and cons of each option and produced a report which summarized their efforts. Cost estimates in the Fine Screening Report were used as part of “the body of evidence” by the Assessment Engineers to establish the basis for the Proposition 218 assessment proceedings. The report also functions as a preliminary design document to establish the feasibility and estimated costs of design alternatives.

It is important to note that the Fine Screening Report does not make any final recommendations for technology selection and that an environmental review, under CEQA, is required of all reasonable alternatives. However, the report is an important tool to provide technical support for the development of the EIR.

Milestone:

Rough and Fine Screening Reports

August 2007

Groundwater Basin Management Plan

Numerous groundwater resource studies have been completed for the Los Osos groundwater basin, included a recent Water Management Plan and a Sea Water Intrusion Study by the LOCSO. The Water Management Plan identified several opportunities to improve water resources management and established specific management tasks and cooperative efforts to be implemented. The Sea Water Intrusion Study determined that sea water intrusion was occurring in the lower aquifer of the basin and threatening major domestic water supply wells. Subsequently, the County adopted a water resources severity level III, the highest designation of deficiency under the County’s Resource Management System, which is a component of the County’s General Plan.

The documentation of a water shortage led to groundwater litigation and an adjudication process. The parties to the groundwater litigation, the community water purveyors and the County, agreed to a court directed process of cooperative, interagency efforts to develop a of a groundwater basin management plan (BMP) that will serve as the basis for the adjudication. An agreement to develop a BMP was developed reached in September 2007. The parties have established a budget and cost sharing plan to complete these efforts. The BMP is currently being developed and a public review draft will be released in March 2011. In the mean time, a groundwater basin update was released in May 2010 (Exhibit 2E). Therefore, the County conforms to the requirements of an adjudication of water rights in the Los Osos Valley Groundwater Basin, which is a compliance option for grant eligibility.

Engineer’s Report

An engineer’s report, titled “Preliminary Engineering Report,” was developed according to USDA guidelines (Exhibit 2F), but also meets the criteria of the State Water Board’s SRF program and has been accepted by both agencies. The report provides information about demographic data and the need for the project. It also includes a detailed discussion of the alternatives analysis process, including a present worth analysis. A complete project description and budget summary is presented for the recommended project, which is the project description approved in the certified EIR and final Coastal Development Permit (Exhibit 2F, Chapter 7).

Milestone:

Preliminary Engineering Report

May 2010

Task 3B: Financial Planning

On June 19, 2006, and August 14, 2007, the Board of Supervisors approved over 30 project strategies including many relating to the project’s financial planning.

The County anticipates that several funding sources will be used to finance the construction and operation of a wastewater system, including the following:

Funding Source	Required	Discretionary
(a) Real Property Assessments (on developed properties):	√	
(b) Real Property Assessments or Connection Fees (on undeveloped properties):	√	
(c) Wastewater Rates & Charges:	√	
(d) Redevelopment Agency/Tax Increment Financing		√
(e) Grants		√
(f) Other		√
(g) Construction Funds	√	

These funding sources are identified as either required or discretionary to reflect whether project implementation is dependent on the funding. The County’s basic funding approach and direction, as explicitly established in AB 2701, is to first establish required revenue sources - first and foremost, the Proposition 218 assessments. In addition, several discretionary revenue sources have been identified which the County is pursuing to help mitigate the fiscal impacts on the community, especially the impact on disadvantaged persons.

Background Discussion

Project Cost Analysis – Equivalent Monthly Costs:

The following table illustrates the estimated average monthly costs per single family household assuming that only property assessments and rates and charges will be available to pay project costs (i.e. no discretionary revenues). In addition to these costs, each household will be responsible for paying their private on-lot cost of connecting to the wastewater system. These costs are also included in the table below. It is important to note that funding agencies (USDA, SRF & the interim lender US Bank) have requested that all revenue be secured via Proposition 218 proceedings now, prior to project construction. As discussed below in part (b) and (c) the timing of funding from

undeveloped properties is not guaranteed at this time. Therefore the service charges proposed are tiered and have a rate for both participation of undeveloped properties and no participation from undeveloped properties at project start-up in 2014.

Type of Cost	2007 Estimate		2010 Estimate (no participation with undeveloped properties)		2010 Estimate (participation with undeveloped properties)	
	Monthly Equivalent Estimate	Total Annual Cost	Monthly Equivalent Estimate	Total Annual Cost	Monthly Equivalent Estimate	Total Annual Cost
Service Charges ^{1,3}	\$50	\$600	\$89	\$1,068	\$58	\$696
Property Assessment ²	\$150	\$1,800	\$105	\$1,260	\$105	\$1,260
Subtotal	\$200	\$2,400	\$194	\$2,328	\$163	\$1,956
On-Lot ⁴	\$50	\$600	\$44	\$528	\$44	\$528
TOTAL	\$250	\$3,000	\$238	\$2,856	\$207	\$2,484

1. Service charges include operations and maintenance costs which are the estimates for labor, equipment, supplies, and energy needed to operate and maintain the system for the collection, treatment, and disposal/reuse of the wastewater. This amount would be charged to the property owners on their property tax bills. The rates will be based on usage and established by winter water consumption analysis.
2. Property assessment costs are the estimates for debt repayment on capital project costs that were deemed “special benefits” and were subject to a Proposition 218 assessment vote. This amount would be charged to the property owner on the semi-annual tax bills or the owner can choose to pay the full assessment amount in one lump-sum. The assessment amount may be reduced if grants are obtained.
3. Service charges also include capital costs which are the estimates for debt repayment on capital project not covered by the Proposition 218 assessment vote. Although it is not an “assessment”, this amount is expected to be charged to the property owner on their semi-annual property tax bills. The final debt amount will depend on final project costs, less grants and other sources of funding that might be obtained such as water purveyor contributions.
4. On-lot costs are the estimates (assuming debt repayment) on capital costs incurred by property owners to connect to the wastewater system, including costs of disconnecting existing septic systems. Property owners can pay for these costs in a variety of ways. This estimate assumes a home equity line of credit at 9.00% repaid over 10 years.

(a) Funding from Assessment on Developed Properties

On October 23, 2007 the property owners within the San Luis Obispo County Wastewater Assessment District No. 1 (District) approved – via a Proposition 218 ballot process – just over \$127 million in property assessments. One benefit unit (BU) was assigned an assessment of \$24,941.19. The majority of single family homes within the District were assigned one BU. The proposed assessment passed with 80% of the property owners supporting the assessment. This assessment will be used to fund the majority of the construction related to the wastewater project. The assessment will be collected on property tax bills and is estimated to be approximately \$1,260 per year (\$105 per month equivalent).

The approval of the assessment is an important project milestone, as it now assures the County can issue municipal bonds or other loan programs with the preferred security of a property assessment. The approved assessment was instrumental in receiving USDA ARRA funds, and can now proceed with interim financing, which the County anticipates obtaining in early 2011. While the approved assessment covers the majority of project costs, it still poses severe financial burden to many households. Project costs estimated at \$244 per month per household greatly exceed the EPA’s affordability guidelines of 2% of MHI.

(b) Funding from Assessment on Undeveloped Properties

The undeveloped properties within Los Osos did not participate in the Proposition 218 proceedings described above as a result of continuing uncertainties on their ability to develop even after a wastewater project is constructed.

Nevertheless, their portion of the special benefits for the project was calculated for a future Proposition 218 proceeding. The amount of cumulative assessment for this portion of the community is approximately \$27 million. The County, pursuant to AB 2701, is cooperatively developing a water resource plan with the community's three water purveyors that will identify water re-use projects as alternatives to disposal options included in the wastewater project description. Through these integrated efforts with the water purveyors, a Proposition 218 assessment on undeveloped properties will then be able to cover undeveloped properties share of wastewater costs plus the cost of water re-use projects needed to supply the new development. Should the County's efforts to cooperatively develop a water resource program with the purveyors not meet the wastewater project schedule, the County can alternatively impose connection fees in an amount reflective of their cost of the wastewater project. The service charges proposed for the community and subject to Proposition 218 approval on December 14, 2010 include two tiers should the undeveloped property owners either a) not approve their Prop 218 or b) not have cost certainty in time to establish assessments prior to the completion of the wastewater project.

(c) *Funding from Rates and Charges (Service Charges)*

The property assessments discussed above in (a) do not fund 100% of the total project capital costs. Costs of the project that are not covered by the assessment will be paid for through rates and charges. The rate analysis has been completed by the County's consultant Public Financial Management. Pursuant to Board direction, the rate structure has both a fixed portion based on the fixed portion of debt payments due, plus a variable component based on the operations and maintenance costs. The variable charge is based on winter water usage, which estimates how much water a user is sending to the wastewater facility for treatment. Wastewater billing based on usage will help address affordability, since those who consciously conserve water will be rewarded with lower service charges, and single person households (such as elderly individuals on fixed incomes), will use less water and have a lower service charges. The average estimated monthly service charge is \$89 per month.

(d) *Discretionary Funding Sources*

Discretionary funding sources can play an important role in financing the wastewater project. Current financial planning includes researching funds available to pay a portion of project costs (Federal Water Resources Development Act – WRDA – for example). Due to the high cost of this mandated project, many households will be required to pay for a project which drastically impacts their household budget. A list of potential funding and a brief outline of each program can be found in the table below.

(e) *Redevelopment Agency/Tax Increment Financing*

The County has conducted preliminary planning on creating a redevelopment agency and using the authority to implement a tax increment financing program. The potential amount for financing projects is estimated by the San Luis Obispo County Planning and Building Department to be \$10.9 million. On August 14, 2007, the Board of Supervisors approved the utilization of tax increment/redevelopment funding for the project. This work effort is ongoing.

(f) *Funding from Grants*

The County of San Luis Obispo is seeking grant funding from various sources. The USDA Rural Development has programs which both the County and individual households may apply for. In August of 2010 the County received a \$4 million grant from the USDA. The following table lists grant funding opportunities in addition to this proposal for Proposition 84 IRWM Implementation funding.

Name of Program	Eligible Participants	Applicant	Maximum Amount	Potential Use of Funds	Notes
USDA Rural Development Housing Preservation Grant	Homeowners with an MHI <80% of the area's MHI	County	\$150,000	Pay for, or subsidize connection of home to wastewater system for disadvantaged households	Competitive grant awarded yearly. Grant must be spent within two years of award.
USDA Single Family Housing Repair Loans/Grants - Section 504	Low interest loan - "Very Low Income" household Grant - "Very Low Income" household over the age of 62	Household	\$20,000 loan amortized for 20 years at 1% and/or grant of \$7,500	Pay for, or subsidize connection of home to wastewater system for disadvantaged households	Household is required to apply with USDA field office in Santa Maria.
USDA Water and Waste Disposal Program	Public Entities	County	No Limit, average project size is \$1.8 million	Finance the construction of the community collection system.	The County received an \$83 million loan/grant package in August 2010.
California State Controller's Office Property Tax Postponement for Senior Citizens, Blind or Disabled Citizens	Household over the age of 62, or blind, or disabled; and, own and occupy the property a principal place of residence; and, total household income less than \$31,500; and, have at least 20% equity in the property	Household	Amount of Assessment	Defer payments of property taxes and/or assessments	Governor suspended this program on February 20, 2009.
California State Franchise Tax Board's Homeowner and Renter Assistance	Homeowners - Household over the age of 62, or blind, or disabled; and, own and occupy the property a principal place of residence; and, total household income less than \$42,770; Renters - Household over the age of 62, or blind, or disabled; and, live in a qualifying residence; pay \$50.00 or more a month in rent; and, total household income less than \$42,770	Household	Homeowners - \$472.60 or less; Renters - \$347.50 or less	Lower property tax bill (or rent), which lowers overall financing burden of project	No funds currently available.
Tax Increment Financing	Subject to proposed County policy	N/A	\$10.9 Million	Yet to be determined.	SLO County currently does not have a redevelopment program, but is considering initiated such a program. Preliminary studies have shown that the potential tax increment financing for Los Osos is \$10.9 million.

(f) Other

Some sources of funds are not grant sources, but the net effect is still a reduction in realized costs for the household. Two identified programs are the Controller's Property Tax Postponement for Senior Citizens, Blind or Disable Citizens and the Franchise Tax Board's Homeowner and Renter Assistance program. While not certain that these programs can cover the cost of the assessment, they do have the ability to lower property tax bills and relieve the homeowner of some costs. Unfortunately, these programs are postponed; however the County is monitoring the programs and hope they will be reinstated by project start up in 2014.

In addition to these programs, the Los Osos wastewater project recently received a \$35 million federal grant authorization for the design and construction of a treatment facility through the Water Resource Development Act (WRDA) bill. A request of \$5 million has been made yearly in the Water and Energy Appropriations bill for design and pre-engineering work. Historically this bill is passed with Los Osos not included on the final list. Through the \$35 million authorization, another appropriation request will be made for FY11. If awarded in FY11, it is anticipated that the County of SLO will work with the Army Corps of Engineers to design and construct the treatment facility component of the wastewater project. The use of this grant for this purpose would benefit the entire community by utilizing grant funds to lower the overall construction cost of the project.

Other funding sources for property owners exist and are being explored at this time. For example, Grid Alternatives, a non-profit specializing in solar energy, has expressed interest in working with disadvantaged households to install solar panels so that their overall utility costs go down and the families can then allocate this previous utility cost to the wastewater costs. As the County moves closer to bringing the plant online in 2014, it is anticipated more of these programs will become available and utilized in the community.

Revenue/Financing Plan

Construction Funds

Two sources of construction funds are expected for those costs that are not paid from construction grants, the State's Revolving Fund (SRF) program and the USDA Rural Development Water and Waste Program. The SRF program is estimated to have \$43.6 million repaid by assessments and \$42.8 million repaid by service charges for a total amount financed of \$86.4 million. The USDA will have \$83.1 million financed and repaid by assessments.

State Revolving Funds

Governor Arnold Schwarzenegger has provided direction to the State Water Board establishing a specific condition covering the County of San Luis Obispo's eligibility for project financing from low-interest State Revolving Funds. That condition was established in his signing message for Assembly Bill 2701 (Blakeslee – 2006) and reads as follows:

“I (Governor Arnold Schwarzenegger) am directing the State Water Resources Control Board (SWB) to withhold any subsequent State Revolving Fund loan to San Luis Obispo County for this project unless the existing \$6.5 million loan has been repaid or the payment plan incorporates its full recovery.”

The Governor's direction to the SWB could potentially affect funding of the project's construction through State of California low interest loans, however, the USDA has made it a condition of utilizing their ARRA funds that the \$6.5 million is paid back to the State. The California State SRF program has provided low-interest loans on several public works projects implemented by the County of San Luis Obispo and had been approved for funding the construction of the Los Osos Wastewater Project as previously initiated by the Los Osos Community Services District (LOCSO). The low-interest feature of the SRF program normally makes it an attractive option that minimizes interest costs on long term construction debt.

The SRF program changed the definition of “Disadvantaged Community” to include a community with a sewer cost of over 4% of the State's median household income. Disadvantaged Communities are eligible for extended term financing, which may include principal forgiveness, 30 year financing (versus traditional 20 year), and up to 0% interest. Los Osos qualifies as disadvantaged under this definition and the County anticipates receiving at least a

portion of total SRF financing in the form of extended term. Current terms of the SRF are estimated to be 2.7% interest over 20 years.

USDA Rural Development Funds

Los Osos was identified in the FY 10 Agricultural Appropriations Bill as eligible for USDA funding under their Water and Waste lending program. This act of Congress was a result of the bi-partisan efforts and support from Congresswoman Lois Capps, Congressman Kevin McCarthy and Senator Diane Feinstein. After approval of the bill, the County applied for and received \$87 million in loan (\$83M) and grant (\$4M). The loan terms are financed at 3.75% interest over 40 years. The County will be using these funds to cover ineligible SRF costs and to finance the construction of the collection system.

Summary

The County is completing the construction funding package (Revenue and Rate Analysis, Exhibits 2G and 2H). The USDA ARRA funds are helping address affordability and the SRF extended term financing, if obtained, will continue to bring project costs down. Grant funding, such as this proposal to the IRWM program, are the best way to lower project costs and the County is working hard to obtain more grant funds.

Milestones:

Application placed on SRF priority list	January/February 2008
SRF Facilities Plan	March 2009
SRF Credit Review Package	May 2010
USDA Financing Approval	August 2010
SRF Loan Funding Commitment	March 2011

Task 3C: Environmental Planning

Habitat Conservation Plan

The community of Los Osos supports habitat for at least one federally listed endangered species, the Morro shoulderband snail. A second species, Morro Bay kangaroo rat, is listed as endangered, but may actually be extinct. Development of the proposed wastewater project does not require the preparation of a Habitat Conservation Plan (HCP) because Federal Endangered Species Act requirements will be met through the Section 7 Consultation, which does not require the preparation of an HCP. However, vacant properties within the wastewater service area (approximately 10% of the total number of parcels) will not be covered by the Section 7 Consultation. To address the habitat protection and endangered species permitting needs in the community, the HCP process was initiated in 2001. A public review draft HCP was released in 2005. Recently, the HCP process was reinitiated and a complete HCP is anticipated in 2014, as discussed in Task 3 of Work Items.

Land Use Planning

The community of Los Osos is located within the Coastal Zone in unincorporated San Luis Obispo County. The San Luis Obispo County Local Coastal Plan (LCP) was certified by the California Coastal Commission and incorporated into the County General Plan in 1987. Los Osos and the surrounding area are within the Estero Area Plan portion of the LCP. The wastewater project is located in both urban and rural land use designations; all components of the wastewater project (collection, treatment, disposal, biosolids handling) are categorized in the LCP as “Public Utility Facilities” and are listed as allowed uses (with the Coastal Development Permit approved on June 11, 2010, Exhibit 2I) in all land use categories except Open Space preserves. As a result, the project will not require changes in the general plan. The project is also intended to serve only those properties within the RWQCB discharge prohibition zone, which is both 90% built-out and located entirely within the Urban Reserve Line for the community of Los Osos. Therefore, the project does not propose to extend urban services to areas not designated for urban uses.

Milestone:

Coastal Development Permit

June 2010

Task 3D: Environmental Documentation

Background

In January, 1988, the Central Coastal Regional Water Quality Control Board (RWQCB) established a discharge moratorium which effectively halted new construction or major expansions of existing development until the County provided a solution to the water pollution problem in Los Osos. The County, working with representatives of County Service Area No. 9, which included most of the community of Los Osos, devised a plan for a wastewater treatment system based on conventional collection, treatment and disposal technologies.

A Final Environmental Impact Report (FEIR) was prepared for the original County wastewater project in 1987. The FEIR addressed the following issues:

- Geologic and seismic hazards
- Groundwater hydrology
- Flooding and drainage
- Biological resources
- Cultural resources Visual resources Traffic and circulation Noise
- Air quality
- Agricultural resources
- Growth inducement
- Alternatives
- Economic and fiscal Considerations

An addendum to the FEIR was prepared in 1987 to address new information that became available regarding isotopes of nitrogen and their impact on the groundwater contamination problem. A second addendum prepared in 1989 included additional information regarding agricultural impacts associated with the proposed treatment plant site as well as more specific data regarding native plant life.

A supplemental EIR was also prepared in 1989 to provide an updated analysis of the following issues:

- Geologic hazards
- Groundwater hydrology
- Sludge disposal
- Growth inducement
- Agricultural resources
- Alternatives

A second supplemental EIR was prepared in 1997 to accomplish the following:

- Update the information contained in the 1987 FEIR to respond to any changes in the environmental setting which may have occurred since the original FEIR was certified, and since completion of the two addenda and the first supplement.
- Evaluate changes and potential changes in the project description relating to the service area boundaries; project phasing; alternative treatment plant site locations; alternative treatment processes; and modifications to the collection system.
- The project evaluated by the 1997 supplemental EIR was a conventional wastewater collection and treatment system which, for a variety of reasons, did not receive community-wide support. The biggest concerns regarding the County-sponsored project related to:
 - Cost;

- The potential for the proposed disposal system and the volume of wastewater being introduced on the disposal site to result in the day lighting of discharged treated effluent down slope;
- The use of percolation ponds and their susceptibility to rupture; and
- The potential for increased liquefaction potential and flooding down slope from the disposal site.

The Board of Supervisors certified the FEIR and approved the project's Coastal Development Permit (CDP) in 1997. The Board's approval of the CDP was appealed to the California Coastal Commission in 1998. During the course of the Coastal Commission hearings an organized community group presented an alternative approach to the County's project. In response, the Coastal Commission allowed the community the opportunity to demonstrate the feasibility of an alternative to the County project. In November 1998, voters approved the formation of a Community Services District for Los Osos to assume responsibility for the completion of a wastewater system. The appeal of the county approved wastewater project had been held in abeyance by the Coastal Commission to give the newly-formed Los Osos Community Services District (LOCSD) the opportunity to demonstrate the feasibility of an alternative system involving new technology for the treatment of effluent. The Commission gave the LOCSD until January 2000 to prepare a facilities plan for the alternative wastewater system and to present the plans to the RWQCB.

In February 2000, the LOCSD's Project Report was submitted to the RWQCB based on a system of wastewater treatment known as Advanced Integrated Wastewater Pond Systems (AIWPS). After considerable study by the LOCSD and after numerous public hearings, the LOCSD concluded that there was insufficient data from AIWPS systems currently in operation to conclude that it could meet RWQCB standards for the removal of nitrates. The LOCSD then began investigating other alternatives.

On March 1, 2001, the LOCSD prepared and certified an FEIR for a project that would use Membrane Bio Reactor treatment technology at a site near the center of the developed community. The March 1, 2001 FEIR addressed the following issues:

- Geology
- Hydrogeology and Water Resources
- Drainage and Surface Water Quality
- Cultural Resources
- Consistency With Adopted Plans and Policies
- Traffic and Circulation
- Air Quality
- Noise
- Public Health, Safety, and Services
- Visual Resources
- Biological Resources
- Cumulative and Growth Inducing Impacts
- Alternatives

The LOCSD gained approval of a CDP from the County and, on appeal, from the California Coastal Commission. After satisfying numerous conditions of approval, and working through various legal challenges to both the CDP approval and the adequacy of the FEIR, construction on the project was started in the late summer of 2005. Shortly thereafter, in the fall of 2005, a majority of the members of the LOCSD board were recalled in a special election. The new LOCSD board immediately halted construction on the wastewater project.

In August 2006 the LOCSD filed for federal bankruptcy protection citing the burden of debts incurred from a number of sources, including the loss of an SRF low interest loan, revoked by the State in response to the stoppage of the wastewater project construction, claims from contractors who had initiated construction, litigation, and other obligations.

In early 2006, a team of County officials and staff began reviewing the wastewater situation in Los Osos after a proposal to dissolve the LOCSD was initiated with the Local Agency Formation Commission. In the following months, Assemblyman Sam Blakeslee requested input from the County, along with others, to try and develop legislation that

might help solve the wastewater situation. The County Board of Supervisors held a public hearing on June 19, 2006 to consider their formal position. At the conclusion of their hearing, the Board adopted policies for the project that included the following six legislative elements:

- Proposition 218 funding/property owner assessments
- A Proposition 218 majority protest = no further County obligations
- Re-establish Low Interest SRF loans
- Abeyance of Enforcement Action
- LOCSD Liabilities stay with LOCSD
- County Board has sole project authority

The six legislative elements guided the County's review of and comments on, the Blakeslee legislation (AB 2701) as it moved through the committee hearings of the State Senate and State Assembly. After several amendments, AB 2701 was approved on combined 110-0 votes of the California State Senate and State Assembly, and it was signed by Governor Arnold Schwarzenegger on September 18, 2006. Effective on January 1, 2007, AB 2701 transferred the authority of developing a community wastewater project from the LOCSD to the County.

On June 19, 2006, the Board of Supervisors also approved numerous project strategies. The project strategies provide guidance for County officials and staff working on the project. After Governor Schwarzenegger signed AB 2701, the County Board, on October 3, 2006 approved a \$2.0 million project budget for work needed to meet the requirements of Proposition 218. County project work efforts included the following:

- Analysis of Project Alternatives
- Creation of a Technical Advisory Committee
- Development of a Pro/Con Analysis on Project Alternatives
- Preliminary Environmental Review
- Proposition 218 Assessment Proceedings

These efforts resulted in a Proposition 218 assessment vote being approved in October 2007 with an 80% majority. As a result, the County continued to move forward with project development by initiating the CEQA environmental review process in early 2008.

Environmental Review Technical Memoranda

Several technical memoranda have been developed to support preliminary design work, as well as the environmental documentation. These technical memos provide further analysis of design constraints identified in the Fine Screening Report or provide preliminary engineering review of the feasibility of alternatives not address in the Fine Screening Report.

- **Out-of-Town Conveyance:** Preliminary engineering review of potential pipeline routes to treatment plant locations on the east side of the community. This memorandum provides supplemental data for the environmental analysis. Construction methods and materials, soil disturbance, alternative alignments, alternative creek crossing locations, and permanent footprint are considered.
- **Imported Water:** Preliminary engineering review of the challenges and opportunities of potential sources of water for Los Osos from outside the Los Osos groundwater basin. This memorandum considered pipeline routes, construction costs, and purchase contract costs. It also evaluated potential sources and the reliability of each source considered.
- **Regional Treatment:** Preliminary engineering review of potential regional treatment plants to provide service to Los Osos and neighboring communities. This memorandum provides supplemental data for the environmental analysis by identifying potential pipeline routes and treatment plant locations. Potential upgrades or modifications to existing facilities of other agencies, construction methods and materials, soil disturbance, alternative alignments, and permanent footprint are considered.

- Regional Septage Receiving Station: Preliminary engineering review of a regional septage receiving and handling program to be incorporated with the community wastewater treatment plant. This memorandum provides supplemental data for the environmental analysis by estimating environmental effects, economic costs and benefits. Facilities associated with a regional septage handling program including treatment process, facility needs, site footprint, and truck hauling routes are considered.
- Effluent Reuse and Disposal Alternatives: Preliminary engineering review of feasible effluent reuse/disposal options evaluated in the Fine Screening Report. This memorandum provides supplemental data for the environmental analysis. Construction methods and materials, soil disturbance, alternative disposal and reuse sites, alternative reclaimed water pipeline alignments, and permanent footprint are considered.

Milestones:

Environmental Review Technical Memoranda

August 2008

Climate Change (AB32/Greenhouse Gas) Analysis

A technical memorandum on the subject of climate change was prepared to support the environmental documentation and additional analysis in the EIR (Exhibit 2J). There were currently no published thresholds of significance established by any state or regional regulatory agency for measuring the impact of global climate change on or from a project. CEQA Guidelines Section 15064.7 indicates “each public agency is encouraged to develop and publish thresholds of significance that the agency uses in the determination of the significance of environmental effects.” Therefore, thresholds were determined in communication with the San Luis Obispo County Air Pollution Control District.

Greenhouse gas emissions created by the project are considered to be potentially significant if the project would result in an increase in greenhouse gas emissions that would significantly hinder or delay California’s ability to meet the reduction targets contained in AB 32. Greenhouse gas emissions in 1990, 2007 (the year that the Notice of Preparation was circulated), and 2020 for the No Project Alternative were estimated. Emissions associated with the proposed project at buildout and in 2020 were also estimated. The No Project Alternative and the proposed project emissions were also compared and the net difference calculated.

The technical climate change analysis considered the following issues:

- Description of climate change and greenhouse gases
- Description of the federal, state, and local regulatory environment surrounding global climate change and greenhouse gases
- Project design features that lower greenhouse gas emissions
- Review of the General Plan and other regional planning documents for goals and policies that may relate to global climate change issues
- Calculation of direct and indirect greenhouse gas emissions from construction and operation of the project
- Calculation of greenhouse gas reduction afforded by mitigation
- Project compliance with current California greenhouse gas emission reduction strategies
- Impacts from climate change to the project
- Evaluation of project alternatives
- Feasibility analysis of mitigation measures recommended by the Office of the California Attorney General

Milestone:

AB32/Greenhouse Gases Technical Memorandum

June 2008

Draft EIR Development

San Luis Obispo County issued a Request for Qualifications for EIR Phase Environmental Services for the Los Osos Wastewater Project on September 26, 2007. The environmental consulting firm Michael Brandman Associates was selected to complete the EIR with a goal of a final EIR within one year.

The Notice of Preparation to prepare an EIR was distributed to responsible, trustee, and interested State agencies through the State Clearinghouse (SCH# 2007121034) on December 7, 2007, with responses due back by January 7, 2008. A key element of producing an EIR in a short time frame is coordinating with responsible and trustee agencies. To this end, the County met on a regular basis with staff from the California Coastal Commission, the Regional Water Quality Control Board, the CA Department of Fish and Game, and the U.S. Fish and Wildlife Service. The comments, concerns, and requirements of these agencies were included in the EIR scope to ensure that the issues relevant to each agency's statutory responsibilities toward the project are addressed.

The EIR scope included:

- Project Description
 - Alternatives Development and Descriptions
 - System Components
 - On-site Based Alternatives
 - Regional Sludge Treatment
 - Regional Treatment Approaches
 - De-centralized Treatment
 - Water Supply Alternatives
- Impact Areas
 - Water Quality
 - Water Supply
 - Health and Safety
 - Biological Resources
 - Cultural Resources
 - Air Emissions and Odor
 - Visual Resources
 - Noise
 - Geology
 - Traffic
 - Agricultural Resources
 - Drainage
- Consistency With Plans and Policies
 - CA Coastal Act/SLO County Local Coastal Plan
 - Energy Use/AB 32 Analysis
 - Marine Life Protection Act
 - HCP Planning
 - Environmental Justice
 - Growth Inducement
- Mitigation Plans and Monitoring
- CEQA/NEPA Processing
 - List of Preparers
 - List of References
 - Notices and Consultations

The County did not develop a single “proposed project” on which to focus the EIR and base the alternatives analysis. Using 30% design information, the CEQA/NEPA process, in concert with on-going efforts to define project costs and consider community preferences, moved through an alternative analysis process that results in multiple fully developed project descriptions. Based upon the volumes of documentation produced for the project over the past decades, the most recent work produced by the County team, and the clear project purposes of wastewater treatment and water supply, the County examined the widest possible range of feasible alternatives on a co-equal basis.

Public review of the draft EIR coincided with a community preferences survey and the issuance of a design/build Request for Qualifications for two different collection system alternatives (gravity and STEP/STEG). This approach allowed the County to identify the preferred alternative using environmental, economic, and community preferences information.

Milestone:

Draft EIR November 2008

Final Environmental Impact Report

A final Environmental Impact Report was prepared and circulated for the project. Impacts were identified and mitigation measures were proposed for: visual resources, agricultural resources, air quality, biological resources, cultural resources, geology & soils, public health and safety, noise, traffic/circulation, groundwater resources, drainage and surface water quality, environmental justice, and land use & planning. The Final EIR also considered several project alternatives. A notification to the Native American Heritage Commission (NAHC) was submitted and a response was received on February 2, 2009 (Exhibit 2K). Their response was addressed in the adopted EIR. Significant and unavoidable impacts to agricultural resources were identified for the project alternative (Giacomazzi treatment plant site) that was selected by the Planning Commission at the July 24, 2009 hearing. The EIR process was completed in accordance with CEQA and a Final EIR was certified by the Planning Commission. On September 29, 2009, the County Board of Supervisors, adopted the final EIR.

Milestone:

Final Environmental Impact Report September 2009

Notice of Determination (NOD)

A filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code (State Clearinghouse Number 2007121034) occurred on September 30, 2009 (Exhibit 2L).

Milestone:

Notice of Determination September 2009

NEPA Environmental Assessment

Involvement in the project by the U.S. Department of Agriculture, through funding from their Rural Development program, triggered the need to comply with the National Environmental Policy Act (NEPA). The USDA, as the Federal Lead Agency for the project requires the CEQA Plus approach to the NEPA process. In anticipation of this requirement, the County had developed the EIR to be a “CEQA Plus” document that meets all of the NEPA requirements. The document’s reliance on the NEPA approach to alternatives analysis, plus the inclusion of environmental justice analyses, allowed for a valid NEPA document to be produced in a short time frame.

The USDA prepared a Draft NEPA Environmental Assessment in February 2010. The Final Environmental Assessment, prepared in April, 2010 and was released for public review and comment. The Environmental Assessment included measures to protect cultural resources, biological resources, and air quality. A Finding of No Significant Impact was noticed in local papers on June 15, 16, and 17, 2010 (Exhibit 2M).

Milestone:

NEPA Environmental Assessment June 2010

Task 3E: Design

Preliminary Geotechnical Report

A preliminary geotechnical analysis has been completed for several contiguous parcels east of Los Osos Creek, including the Giacomazzi property, which is the final approved treatment plant site. These parcels were identified in the Fine Screening Report as having a high potential for locating a wastewater treatment plant. The preliminary analysis was completed at an early stage in the process to screen for fatal flaws related to subsurface geological conditions.

The report considered site geology, soil and groundwater conditions, anticipated grading and foundation support for structures, and the potential for geologic hazards, including earthquakes and liquefaction. The analysis did not reveal any unanticipated constraints and found low potential for liquefaction. Design of large or heavy structures may need to consider settlement in some portions of the parcels and expansive soils would need to be considered during site grading. Overall, no conditions were found that would create hazardous conditions or require prohibitive mitigation costs.

Milestone:

Preliminary Geotechnical Report

July 2007

Design Technical Memoranda

Several technical memoranda have been developed to support preliminary design work, as well as the environmental documentation. These technical memos provide further analysis of design constraints identified in the Fine Screening Report or provide preliminary engineering review of the feasibility of alternatives not address in the Fine Screening Report.

- **Flows Loads Analysis:** Refinement of the required flow capacity of the wastewater treatment system. This memorandum considered past and projected indoor water use based on industry literature, previous project reports, local water purveyor records, wet-weather demand, and expected future indoor water conservation measures. The collection system alternatives were also studied to identify potential levels of infiltration and inflow (I/I), as well as exfiltration. Potential design features to mitigate I/I were identified for further consideration in design and value engineering. Additionally, the sensitivity of system design features and plant capacities to variations in flow and loading assumptions were considered.
- **Low Pressure Collection System:** Review of low pressure sewer (LPS) technologies, including vacuum and grinder sewers, to determine the feasibility of a hybrid gravity/LPS collection system to reduce construction and operational costs. This memorandum analyzes the potential for LPS in limited areas to reduce deep trenches, lift stations, dewatering, and road impacts associated with the construction of gravity sewers. On-lot impacts, treatment plant impacts, and operation and maintenance costs are also considered. Potential design features to include LPS elements in the collection system were identified for further consideration in design and value engineering.
- **Decentralized Treatment:** Preliminary engineering review of alternative wastewater collection and treatment systems which provide cluster treatment for portions of the community. This memorandum considers decentralized treatment processes including nitrogen removal methods, operations requirements, and cost impacts. Additional analysis relates to issues specific to the community of Los Osos, including potential mitigation of sea water intrusion, site constraints, effluent reuse, solids handling, and regulatory requirements.
- **On-Site Treatment:** Preliminary engineering review of alternative wastewater treatment for individual homes on-site. This memorandum considers available on-site treatment processes including nitrogen removal methods, operations requirements, and potential costs. Effluent disposal by irrigation reuse is the expected disposal/reuse method. Additional analysis relates to issues specific to the community of Los Osos including lot size requirements, potential mitigation of sea water intrusion, solids handling, and regulatory requirements for individual system monitoring and testing.

- **Facultative Pond Options:** Preliminary engineering review of the partially mixed facultative pond treatment options evaluated in the Fine Screening Report. This memorandum analyzes the performance history of proprietary treatment processes to identify the most feasible options for the community. Regulatory permitting requirements, consistency of effluent quality, and specific footprint requirements are considered. Supplemental data is provided for preliminary design and the environmental analysis.
- **Solids Handling Options:** Preliminary engineering review of the solids treatment and recycling options evaluated in the Fine Screening Report. This memorandum provides supplemental data for preliminary design and the environmental analysis. Processed sludge quality, odor control, hauling routes and frequency, process footprint requirements and regulatory permitting are considered.

Milestones:

Design Technical Memoranda

August 2008

Collection System

Previous project efforts have resulted in two separate designs for gravity collection systems. County efforts through 1998 resulted in an 80% complete design to deliver sewage to the “Pismo” site on the northeast edge of the community. LOCSD efforts through 2005 resulted in a completed design and some construction of a gravity collection system to deliver sewage to a treatment site in the central part of the community. Final collection system design drawings are included in Attachment 6 Monitoring, Assessment, and Performance Measures.

Completed surveys for the previous designs have identified street topography, utility locations, and on-lot features, including all septic tank locations, for each property to be served by the collection system. Pipeline size, alignment, depth, and lateral connections have been established. The Coastal Development Permit approved a gravity collection system to an out of town site, which will require a certain level of redesign of the planned collection system. The redesign efforts are discussed in Task 3 of Work Items.

Milestone:

Collection System Pre-Design (for previous LOCSD project)

June 2005

Treatment System

The treatment facility design-build process was initiated in February 2009 with a Request for Qualifications (RFQ) process that resulted in a short list of three design-build teams for the treatment facility. The RFQ requested that the interested design-builder identify which technology they were planning to base their cost competitive proposals on. This process was successful in helping to identify the least costly technologies in that some technologies had little or no interest.

Following the RFQ step, the design-build contracting process was delayed by the environmental review. Now that environmental review has been completed and financing obtained, the treatment facility design-build process is continuing with the preparation of an RFP for design-build services. See Task 3 of Work Items – Los Osos Community Wastewater Project below.

Recycled Water Distribution System

The LOCSD efforts through 2005 resulted in a completed design for a leachfield disposal/reuse system at the Broderson site south of the community. An estimated 480 acre-feet per year is permitted to be percolated at this site to return to the groundwater basin and mitigate the existing sea water intrusion. Additionally, the Coastal Development Permit required 100% beneficial reuse of the remainder of the treated effluent. This will include urban reuse, agricultural reuse, and percolation basins overlying the groundwater basin.

Reuse/Disposal System Pre-Design (for previous LOCSO Project) June 2005

Task 4: Construction/Implementation (Budget Category d)

Construction tasks are a future work item to be initiated after June 2011. See Work Items – Los Osos Community Wastewater Project below.

Task 5: Environmental Compliance/Mitigation/Enhancement (Budget Category e)

Regulatory permits have been issued by all State and Federal agencies with project jurisdiction, including the Coastal Commission, California Fish and Game, Regional Water Board, and U.S. Fish and Wildlife. County staff and consultants have met on numerous occasions with each permitting agency. Those discussions have covered the entire range of project issues including those discussed below.

The Los Osos Wastewater project has obtained the following permits and approvals:

- California Coastal Act
- Federal Endangered Species Act
- Federal Clean Water Act
- CA Fish and Game Code
- CA Water Code

Coastal Permit

All elements and alternatives for the Los Osos Wastewater Project are located within the California Coastal Zone. The San Luis Obispo County Local Coastal Plan (LCP) was certified by the California Coastal Commission in 1988, providing the County with statutory authority to administer the coastal act in the unincorporated areas of the County, including Los Osos. All development within the Coastal Zone must be found consistent with the provisions of the LCP. However, the project is also located in an area of the coastal zone mapped as appealable to the Coastal Commission. The Coastal Development Permit (CDP) issued by the County in September 2009 was subsequently appealed to the Coastal Commission. The Coastal Commission then approved the project on June 11, 2010.

Milestone:

Coastal Development Permit June 2010

Federal Endangered Species Act

The presence of at least one federally listed endangered species (Morro shoulderband snail) was established early in the project planning process. The project's lead federal agency, the USDA, initiated formal consultation with the U.S. Fish and Wildlife Service (Service) under section 7 of the Endangered Species Act. The Service issued a Biological Opinion and Incidental Take Statement in April 2010. Due to minor changes made to the project at the Coastal Commission in June 2010, the USDA re-initiated consultation with the Service in November 2010. The revisions to the Biological Opinion are currently being written by the Service and will be final in January 2011.

Milestone:

Section 7 Consultation January 2011

Federal Clean Water Act

The project includes the placement of treatment and/or disposal facilities on sites east of the community. Pipelines to reach these sites will cross Los Osos Creek. Construction of these pipelines, within the bridges over the creek,

will not require 404/401 permits. No federal wetlands are anticipated to be impacted by the project and no Section 404 or 401 permits will be required.

CA Fish and Game Code

Construction of pipelines over Los Osos Creek, within and hanging from the bridge, may require a Streambed Alteration Agreement from the California Department of Fish and Game pursuant to section 1602 of the California Fish and Game Code. The anticipated impact to the creek would include minimal trimming of riparian vegetation, and possibly placement of temporary small equipment within the channel to support pipeline installation. This work may not be considered a “substantial alteration of the bed, bank, or channel,” and therefore, may not require a 1602 permit. Consultation with the Department of Fish and Game will be initiated to determine if such a permit will be required.

Milestone:

Section 1602 Agreement (if required)

June 2011

CA Water Code

Operation of a wastewater treatment plant requires authorization from the Regional Water Quality Control Board (RWQCB). The County has prepared a Report of Waste Discharge based on the final approved project description for the collection system and treatment facility. Consultations with regional board staff, which have been ongoing, indicate that the discharge limits will be similar to those established for the LOCSD project. The RWQCB’s issuance of Waste Discharge Requirements, including monitoring and reporting requirements, constitutes the project’s permit to operate. The development and issuance of waste discharge requirements is a collaborative process between the applicant (the County) and the local RWQCB structured to ensure that the project is designed and operated to protect water quality.

Milestone:

Waste Discharge Requirements

May 2011

Task 6: Construction Administration (Budget Category f)

Construction administration tasks are a future work item to be initiated after June 2011. See Work Items – Los Osos Community Wastewater Project below.

Project Number 3. Flood Control Zone 1/1A Waterway Management Program

The Flood Control Zone 1/1A (Zone 1/1A) Waterway Management Program represents the whole of the planning and work efforts by the San Luis Obispo Flood Control and Water Conservation District (District) for management and maintenance of the Arroyo Grande Creek and Los Berros Creek flood control channels through Zones 1 and 1A. The channels are in the lower Arroyo Grande Creek watershed (Figure 3.1.1). Management and maintenance of the channels and appurtenant structures is the responsibility of the District, under the purview of the County Public Works Department. Landowners within the zone, called “Zone 1/1A”, are assessed special property tax fees to support the maintenance work. The County decision-making is guided by the Zone 1/1A Advisory Committee which is made up of agriculturalists and other landowners within the zone, and has been meeting regularly since June 2001.

The Arroyo Grande Creek Channel Waterway Management Program (WMP – Exhibit 3A) was completed and adopted by the District on November 2, 2010. The WMP was developed subsequent to an alternatives analysis that evaluated ten options to reduce flooding, manage sediment, and improve habitat conditions in the Arroyo Grande Creek Channel. The program alternatives were developed in cooperation with the community, the RCD and the District and are described in detail in the Arroyo Grande Creek Erosion, Sedimentation, and Flooding Alternatives Study (Alternatives Study) completed in January 2006 by Swanson Hydrology and Geomorphology (Exhibit 3B). Alternative 3 is the preferred alternative and is the basis of the proposed Waterway Management Program. Alternative 3 includes the following key project elements:

- **Vegetation Management:** Manage riparian vegetation annually to improve flood capacity. Within the riparian corridor, support a continuous canopy cover of mature trees and fill existing gaps while encouraging species diversity;
- **Sediment Management:** Conduct sediment management in a way that will improve flood capacity and enhance geomorphic function so as to minimize future sediment accumulations that require intensive management;
- **Levee Raise:** Raise levees throughout the flood control channel to ultimately achieve a channel capacity that will protect the adjacent community and farmland up to a 20-year flood event; and
- **Raise UPRR Bridge:** Raise the Union Pacific Railroad Bridge above the 20-year water surface elevation to increase the flood capacity of the channel. This project element is only required in conjunction with the 20 year levee raise when implemented.

The County of San Luis Obispo’s Public Works Department has initiated the full development of the WMP projects by completing 30% design plans for the 1st year vegetation management, 1st year sediment management, and two phases of levee raising, to provide 10 year flood protection and ultimately 20 year flood protection with free board. In addition, the associated EIR for the WMP, which includes the impacts of each of the project elements listed above, has been completed and was certified by the District’s governing body, the San Luis Obispo County Board of Supervisor’s, on November 2, 2010 (Exhibit 3C and 3D).

The high flood risk of the current condition highlights the need to take immediate action on specific elements of the overall WMP to begin increasing the capacity of the channel. Based on hydraulic modeling of the channel, it is estimated that the lower three miles of Arroyo Grande Creek would overtop during a 5-year storm (approximately 2.8 year flood protection with 2-ft. freeboard), leaving residential neighborhoods to the north and farmlands to the south with only minimal flood protection.

The phases included in this grant proposal are the 1st Year Vegetation and Sediment Management Project which are critically needed to provide the residents and landowners of Zone 1/1A with improved flood protection. The flood control channel was originally designed to provide 50 year flood protection with 2 feet of freeboard to the surrounding community and farmland. Because concerns for environmental protection of creek habitat have increased since the channel was constructed in 1961, the District has been limited in its ability to conduct periodic maintenance to reduce flood risks to adjacent landowners and sustain the channel's design capacity. Consequently,

the existing channel has a severely reduced capacity and can only provide protection up to the 2.8 year flow recurrence event with two feet of freeboard. This level of flood protection is inadequate and severely limits the ability of Zone 1/1A to meet its obligations to residents in the District. This was evidenced during the March 2001 levee system breach on the south side which inundated hundreds of acres of farmland and several residences. It could have been much worse if the system breached on the north side. However, the northern levee remained intact, thereby protecting several residential developments, the Oceano Airport, and the South County Sanitation District Wastewater Treatment Plant that services the communities of Arroyo Grande, Oceano, and Grover Beach.



This aerial photo was taken shortly after the south levee was broken on March 5, 2001.

The proposed 1st Year Vegetation and Sediment Management can be implemented as a stand-alone project. Early implementation will not hinder completion of any other components of the WMP, and will provide urgently-needed improvement in flood capacity with related reduction in flooding potential for highly productive cropland and for residential areas, including the disadvantaged community of Oceano. The flood control portion of this grant Proposal requests funding for construction of the project, temporary construction easements, environmental mitigation and construction administration as described in the Work Items.

In order to maintain the benefits of the Project long after construction has ended, the County will follow the adopted WMP maintenance and management activities to fulfill the maintenance needs of the Zone 1/1A flood channels. It is the District's intention to seek long-term permitting from the CA Department of Fish & Game, Army Corps of Engineers, Regional Water Quality Control Board, and California Coastal Commission to cover regular and routine channel maintenance. Funding for future maintenance of the channel to maintain the benefits of the project will be through the existing special property tax assessment that was approved in 2006.

Existing WMP Data and Studies

As a result and subsequent to the 2001 flooding, the RCD, on behalf of the District, contracted with the consulting firm of Swanson Hydrology and Geomorphology (SH+G) to develop a range of flood protection alternatives. The Alternatives Study was completed in January 2006. The Alternatives Study focused in-depth on erosion sources, sedimentation and hydrology as they relate to recurring flooding in the lower reaches of Arroyo Grande Creek. The final study described six different "Alternatives," or sets of feasible projects and management actions, that could be implemented to manage flooding in Zone 1/1A and provided estimates of the degree of flood protection afforded by each Alternative. The Zone 1/1A Task Force, a technical subcommittee of the Zone 1/1A Advisory Committee, met with SH+G staff twice during 2005 to provide feedback and recommendations regarding which options to consider for analysis in the Alternatives Study, and to review preliminary results. The Zone 1/1A Task Force consisted of representatives from U.S. Fish and Wildlife, California Department of Fish and Game, Coastal Conservancy, NOAA/NMFS, Regional Water Quality Control Board, San Luis Obispo County Public Works and Environmental Planning Departments, City of Arroyo Grande, Oceano Community Services District, Central Coast Salmon Enhancement, Zone 1/1A Advisory Committee, and U.S. Army Corps of Engineers.

The completion of the Alternatives Study provided Zone 1/1A with a range of viable solutions to improve flood capacity in the channel(s) (Exhibit 3B, pg 80). The Zone 1/1A Advisory Committee endorsed Alternative 3 as the preferred alternative. In 2006, the property owners in Zone 1/1A approved additional property tax assessments to substantially enhance maintenance and operation efforts to the Arroyo Grande and Los Berros Creek Channels. Funding was now available to develop and carry out a long-term management plan for the flood control channel. In

the fall of 2007, SLO County Public Works drafted a Notice of Preparation and a Request for Qualifications for preparation of an environmental impact report/environmental assessment and assistance with regulatory permitting. Representatives of the Zone 1/1A Advisory Committee Task Force joined SLO County Public Works staff in reviewing applications, conducting interviews, and selecting a consulting firm to recommend to the SLO County Board of Supervisors for contract. The firm selected was the Morro Group, now SWCA, Inc., partnering with SH+G (now Waterways Consulting) to prepare the WMP that includes project actions described under Alternative 3 of the Alternatives Study combined with enhancement actions that improve habitat conditions in the flood control reach for steelhead, California red-legged frog, and other species that rely on the aquatic environment.

In 2008, the District with input from Zone 1/1A Advisory Committee and resource agencies began the process of developing the WMP which is now adopted and has become the long-term management strategy for the Arroyo Grande Creek Flood control channel. In order to complete the 30% design level plans, a preliminary geotechnical evaluation was completed in April of 2009, which identified geotechnical considerations relating to slope stability, seepage and grading that should be considered in the design of the project. 30% design level plans for the projects within the Waterway Management Program were completed in 2009 in conjunction with the development of the Waterway Management Program and Environmental Impact Report. These plans were evaluated in the CEQA/NEPA review of the entire Waterway Management Program. The program includes initial vegetation and sediment management and several phases of levee raise projects, which ultimately will provide 20 year flood protection. This 30% design work was completed in September 2009. The 30% design plan for the 1st year vegetation and sediment management project are included (See Exhibit 3F).

An Environmental Impact Report was completed and certified on November 2, 2010 for the Waterway Management Program and the projects that comprise the WMP. A notification to the Native American Heritage Commission (NAHC) was submitted and a response was received on June 23, 2010 (see Exhibit 3C, page 9-7). After a records search and field survey were conducted in accordance with their response, it was determined that the project would not result in impacts to cultural resources. The areas listed below are those that were assessed and evaluated for impacts as part of the EIR.

- Agricultural resources
- Air Quality
- Biological Resources
- Cultural Resources
- Flooding, Hydrology, and Water Quality
- Geology and Soils
- Hazards and Hazardous Materials
- Transportation and Traffic

Significant environmental impacts identified were those to biological resources due to environmentally sensitive Habitat Areas which include wetlands, riparian habitat and sensitive wildlife and plant species; Agricultural resource impacts due to conflicts with agricultural operations and potential loss of productive agricultural soils; geology and soils impacts due to the repair and construction of the levees in saturated soils where seismic activity is likely and because the levees structures are subject to high storm water flows which could cause significant erosion. This task was completed on November 10, 2010..

Figure 3.3.1 Arroyo Grande Creek Watershed Map

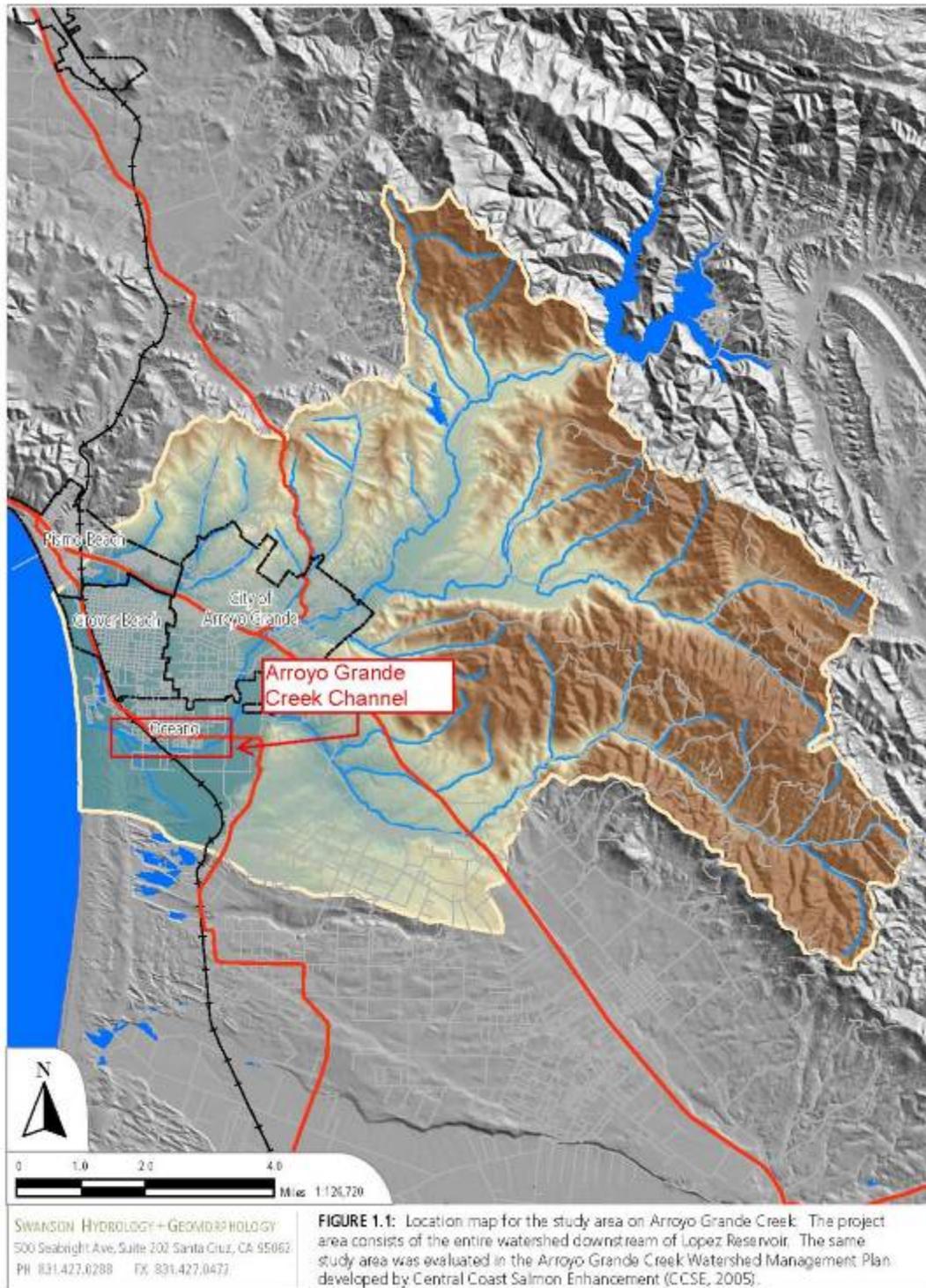
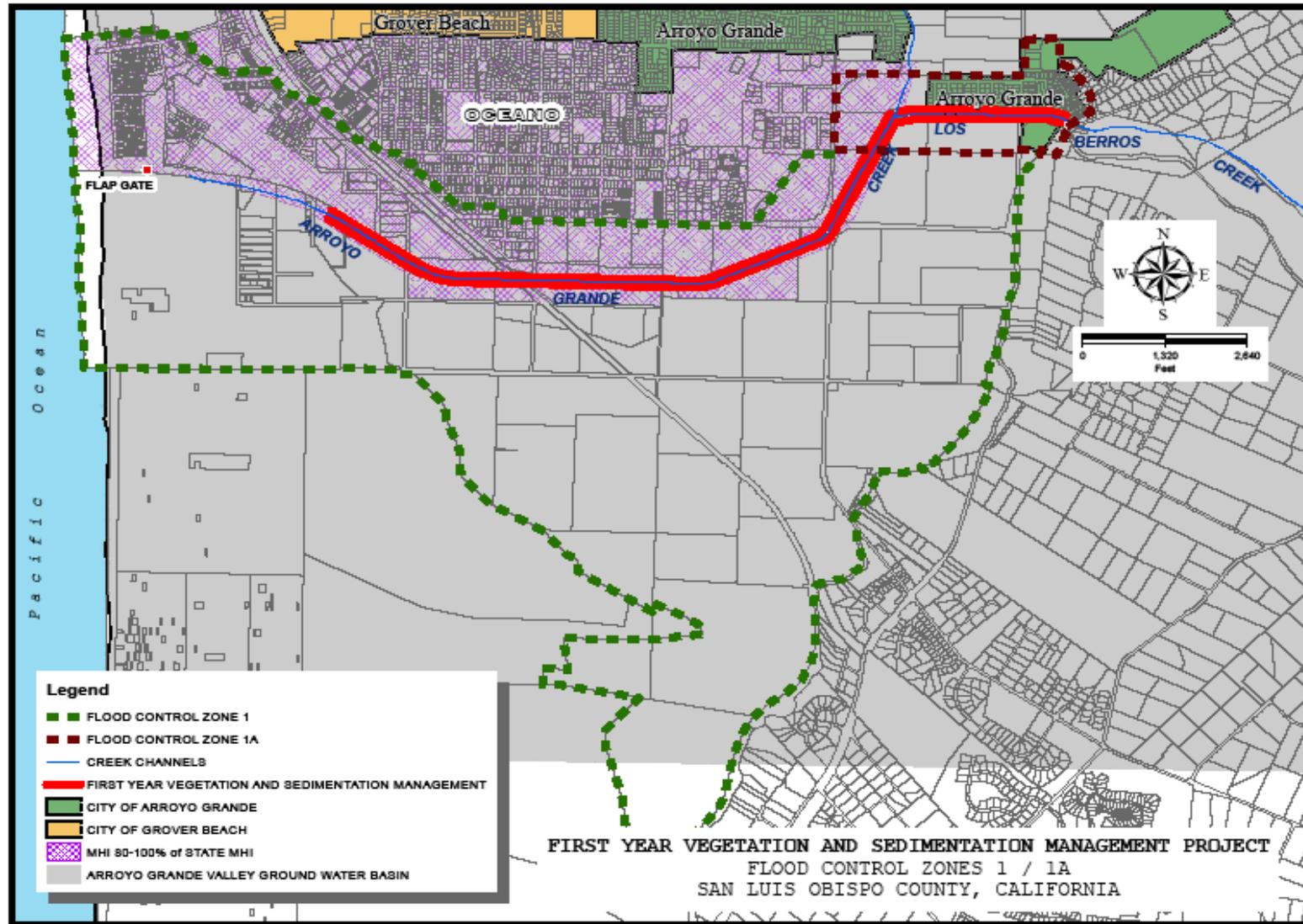


Figure 3.3.2 Project Area Overview



Milestones:

Arroyo Grande Creek Erosion, Sedimentation, and Flooding Alt.	January 4, 2006
Arroyo Grande Creek Special Property Tax Assess. for Maintenance	June 2006
Preliminary Geotechnical Report	April 22, 2009
30% Design Plans	September 2009
Arroyo Grande Creek Channel Waterway Management Program	November 2, 2010
Waterway Management Program Certified EIR	November 2, 2010

Project Timing and Phasing

The WMP is a comprehensive set of actions designed to restore the capacity of the leveed lower three miles of Arroyo Grande Creek Channel and the Los Berros Creek Diversion Channel to provide flood protection up to a 20-year storm event while simultaneously enhancing water quality and sensitive species habitat within the managed channel. The WMP establishes a framework for how the lower portion of Arroyo Grande and Los Berros Creeks will be managed long-term, to meet the goals established by Zones 1 and 1A of the District.

Management, within the context of the WMP, includes a combination of capital improvement projects, long-term maintenance activities, active restoration and enhancement projects, mitigation measures, performance monitoring, monitoring of implemented projects, programmatic elements, and adaptive management that responds to the performance monitoring activities. A description of each of these management activities are included in the WMP (Exhibit 3A pg 21-34) with enough detail so that the WMP will act as a guiding document on how to implement the project or program, how the project or program's success will be monitored, and what mitigation or protection measures will be required as part of project or program implementation. It is the hope of the District that this program is viewed as self-mitigating and the document is a useful tool that will allow regulatory agencies to issue multi-year permits for the efficient implementation of the program components.

Incremental levels of the proposed ultimate flood protection will be achieved as each of the following program components is completed: vegetation management, sediment management, and levee raising. The flood control portion of this Grant Proposal requests funding for:

- Implementation of the 1st Year Vegetation and Sediment Management Project
- Temporary construction easements
- Environmental mitigation
- Construction administration

This project would improve the flow characteristics of the channel by reducing channel roughness through vegetation thinning and removal and would enhance geomorphic function by removing accumulated sediment, establishing a primary low-flow channel, and creating secondary overflow channels to improve flood conveyance and sediment transport. Maintenance of a primary low-flow channel, enforced by the presence of a stable riparian corridor, will improve sediment transport conditions throughout the flood control reach which will reduce the need for future maintenance/dredging and provide increased flood protection for the disadvantaged community of Oceano and the highly productive agricultural areas of the Cienega Valley.

Grant money awarded would be used to implement 2 of the 3 program components, vegetation and sediment management. The 1st Year Vegetation and Sediment Management can be implemented as a stand alone project and by itself would successfully double the existing channel capacity (1,300 cfs or 2.8 year flood protection with 2-ft. freeboard) to provide 5-year flood protection with 2-ft. freeboard (2,500 cfs). Award of this grant would advance the completion date of the project 12 years and would immediately benefit surrounding agricultural and residential areas, including the disadvantaged community of Oceano.

Early implementation of this project prior to the proposed levee raising is necessary in order to reduce implementation costs that would be realized when accommodating for “higher levees”. If the levee(s) were raised first, access and work within the channel would be restricted by steeper side slopes and the ability of equipment to reach the channel bottom from the top of the levee(s). In addition, if the levee raising was completed first, the levee would likely need to be re-graded / repaired due to damages from heavy equipment access and the sediment removal

work. Completing the 1st Year Vegetation and Sediment Management first is the most efficient way to begin increasing the channel capacity. Implementation of the 3rd program component, levee raising, would be completed at a later time when additional funding is secured.

Completion of 1st Year Vegetation and Sediment Management project is the first and urgently needed step toward providing 20-year flood protection in the lower Arroyo Grande Creek Watershed that will be achieved with the combined projects of the WMP.

Project Number 4. Nipomo Waterline Intertie Project

After the groundwater adjudication lawsuit was filed in 1997, a number of groundwater studies were completed in the Nipomo Mesa area in order to assess the status of groundwater resources and the purpose and need for a solution. These studies included:

1. Water Resources of the Arroyo Grande – Nipomo Mesa Area, prepared by the California Department of Water Resources (DWR), October 25, 2002. (Exhibit 4A)
2. Nipomo Mesa Groundwater Resource Capacity Study prepared at the request of the County of San Luis Obispo (the “County”) by the firm of S.S. Papadopoulos & Associates, Inc., March 2004. (Exhibit 4B)
3. Water Supply in the Nipomo Mesa Area, a Resource Capacity Study prepared by the County of San Luis Obispo, Department of Planning and Building, October 2004. (Exhibit 4C)

The 2002 DWR Report concluded that overdraft of the Santa Maria Groundwater Basin is not likely through the year 2020 but indicates that projected water demands exceed the dependable safe yield of groundwater in the Nipomo Mesa Sub-Area.

The 2004 Groundwater Capacity Study concluded that the Nipomo Mesa Sub-Area is currently in overdraft.

The 2004 Resource Capacity Study indicated that in order to maintain sustainability of the Nipomo Mesa groundwater supply, total extractions would have to be stabilized at 6,000 acre-feet per year (as first indicated in the DWR Report) and that sustainability can be achieved through a combination of conservation and water supply augmentation.

On September 7, 2004, in recognition of the findings and recommendations contained in the DWR Report and the County Capacity Studies, NCS D entered into a Memorandum of Understanding (MOU) with the City of Santa Maria. The MOU included the purchase of approximately 2,500 acre-feet of water per year to provide supplemental water for the exclusive use of the NCS D.

Subsequently, many of the parties including NCS D, WMWC, GSWC, City of Santa Maria, and County of San Luis Obispo signed a June 30, 2005, Stipulation (the “Stipulation” – Exhibit 4D). The Stipulation was approved by the Court and the parties were ordered to comply with the terms of the Stipulation. Therefore, the NCS D conforms to the requirements of an adjudication of water rights in the Santa Maria Groundwater Basin, which is a compliance option for grant eligibility.

Pursuant to the Stipulation, WMWC, GSWC and RWC agreed to participate in the Nipomo Waterline Intertie Project that is the subject of the 2004 MOU. As outlined in the Stipulation, the 2,500 AF is to be divided up as follows:

NCS D	66.68% or 1,669 AFY
WMWC	16.66% or 415 AFY
GSWC	8.33% or 208 AFY
RWC	8.33% or 208 AFY

After entering into the 2005 Stipulation, several additional studies have been prepared by NCS D in order to further evaluate alternatives to the Waterline Intertie Project, including:

1. The Preliminary Engineering Memorandum, Boyle Engineering, November, 2006. (Exhibit 4E)
2. Evaluation of Supplemental Water Alternatives – Technical Memorandum No. 1, Boyle Engineering, June 2007. (Exhibit 4F)
3. Evaluation of Desalinization as a Source of Supplemental Water - Technical Memorandum No. 2, Boyle Engineering, September 28, 2007. (Exhibit 4G)
4. Evaluation of Supplemental Water Alternatives - Technical Memorandum No. 3, Boyle Engineering, November 30, 2007. (Exhibit 4H)

These memoranda confirmed that the Waterline Intertie Project is the most feasible project to provide alternative water sources within the Nipomo Mesa Water Conservation Area.

On June 22, 2007, the County Board of Supervisors certified the Severity Level III for water resources underlying the Nipomo Mesa Water Conservation Area. Table F of the County’s Resource Management System describes the severity levels as follows:

Table F RESOURCE DEFICIENCY CRITERIA FOR LEVELS OF SEVERITY		
Level I	Level II	Level III
Projected consumption estimated to exceed dependable supply within 9 years	7 year lead time to develop supplementary water for delivery to users	Resource is being used at or beyond its estimated dependable supply or will deplete dependable supply before new supplies can be developed

The Nipomo Waterline Intertie Project as currently designed will provide a total of 3,000 AFY of supplemental water to the Nipomo Mesa Management Area. The project will provide 2,500 AFY of supplemental water pursuant to the stipulation and an additional 500 AFY of supplemental water to serve future development within the existing NCSD boundaries in accordance with the County of San Luis Obispo South County Area Plan (General Plan), September 2006 (see MOU with City of Santa Maria – Exhibit 4I).

Additionally, pursuant to the Stipulation, the NCSD, Woodlands Mutual Water Company, Golden State Water Company and an Ag representative formed the Nipomo Mesa Management Area Technical Group to monitor the groundwater underlying the Nipomo Mesa Management Area, to file reports with the Court and to make recommendations to the Court. Commencing in June 2008, the Nipomo Mesa Management Area Technical Group has filed annual reports with the Court pursuant to the 2005 Stipulation. The 2009 Annual Report (Exhibit 4J) makes the following recommendations related to the Supplemental Water Project:

“Supplemental Water Supply – An alternative water supply that would allow reduced pumping within the NMMA is likely to be the most effective method of reducing the stress on the aquifer and allow groundwater elevations to recover. The Nipomo Supplemental Water project is likely to be the fastest method of obtaining alternative water supplies. Given the Potentially Severe Water Shortage Conditions within the NMMA and the other risk factors discussed in this Report, the TG recommends that this project be implemented as soon as possible”.

The 2009 Northern Cities Management Annual Report indicates that during the reporting period the interface/mixing zones between seawater and fresh water shifted inland in the Oceano area that borders the NMMA’s northern boundary. Subsequent reports from the Northern Cities Management Area indicate that this mixing zone has moved offshore.

The Waterline Intertie Project Environmental Impact Report (Douglas Wood and Associates, Inc., April 22, 2009, Exhibit 4K) has been certified by the NCSD as lead agency and the City of Santa Maria as a responsible agency. The final Wholesale Water Supply Agreement was approved by the NCSD and the City of Santa Maria on January 5, 2010 (Exhibit 4I).

Water delivery will be phased based on system demands and conditions as established in the Wholesale Water Agreement with the City of Santa Maria. The agreement includes a phased minimum annual delivery quantity that starts at 2,000 AFY for the first ten years, increases to 2,500 AFY for delivery years 11 to 19 and increases to 3,000 AFY for the remaining term of the agreement. Additionally, the agreement sets a maximum monthly delivery quantity of 275 AF, a peak hour flow of 2,500 gallons per minute, and minimum delivery pressure of 60 pounds per square inch. The water delivery rate is anticipated to be constant over each day and will be adjusted by the NCSD

daily. NCS D wells will be available for use during peak demand periods and for emergency water if the Project is out of service. The project is designed to deliver 3,000 acre-feet per year (AFY) at a maximum rate of 2,000 gallons per minute (gpm).

The Waterline Intertie Project consists of over 27,000 linear feet (LF) of pipeline, a 0.5 million gallon (MG) storage tank, a 2,000 gallon per minute (gpm) pump station, and chloramination systems at the pump station and at four existing NCS D production wells, as well as the related back-up power, controls, power supply and instrumentation (Figure 3.4.3). The NCS D completed the Concept Design in April 2009 (Nipomo Waterline Intertie Project, Concept Design Report, AECOM (Exhibit 4L). The Concept Design Report recommended that the project be developed as four separate construction bid packages. The 60% design for the project was completed in September 2009. Overall project design is 90%. Status of individual bid packages is as follows:

- Bid Package 1 – Santa Maria River Crossing – 60% complete (completion tied to contractor prequalification) (Exhibit 4M)
- Bid Package 2 – Nipomo Area Pipeline Improvements – 95% complete (Exhibit 4N)
- Bid Package 3 – Blosser Road Waterline and Flow Meter – 100% Complete (Exhibit 4O)
- Bid Package 4 – Joshua Road Pump Station and Reservoir – 90% Complete (Exhibit 4P)

A water transmission main will be constructed to connect the City of Santa Maria’s water system to the NCS D water system. It will travel underneath the Santa Maria River to a reservoir and pump station on the Nipomo Mesa. From the reservoir, the water will be pumped through new and existing waterlines into the NCS D water distribution system. Control valves will be utilized to maintain safe pressures in the existing system. In order to reduce the potential for future construction underneath the levee and across the Santa Maria River, the River and levee crossing pipelines are designed to handle up to 6,300 AFY at a flow rate of 5,570 gpm. Horizontal directional drilling will be used to install the pipeline underneath the River in order to minimize impacts to the River and sensitive species habitat.

The City of Santa Maria uses chloramines as a disinfectant, while the NCS D currently uses chlorine. Chloramination facilities will be installed at four of the NCS D’s existing water production wells to match the disinfection process to that of the City of Santa Maria. This will avoid operational challenges of mixing waters with different disinfectants. A chloramination station will be installed at the pump station/reservoir to maintain adequate levels of disinfectant for the NCS D distribution system.

Project Components (detailed Figure 3.4.4)

Transmission Pipeline

The Waterline Intertie Project begins at the north end of the City of Santa Maria water distribution system at the intersection of Blosser Road and West Taylor Street with a new 18-inch waterline. The waterline runs north along Blosser Road to Atlantic Place and transitions to a 24-inch waterline to cross underneath the Santa Maria River levee. The 24-inch line will be installed underneath the levee and will cross under the Santa Maria River utilizing horizontal directional drilling technology, ending atop the Nipomo Mesa. From the end of the horizontal directional drill, a 24-inch pipeline will be installed via open trench construction to the reservoir.

Reservoir

On the Nipomo Mesa, the 24-inch pipeline will connect to a 500,000-gallon, pre-stressed concrete reservoir. The reservoir will be partially buried to assist the delivery of water via City system pressures (without pumping). The primary reason for a partially buried tank is to eliminate the need for a pump station in Santa Maria. However, a secondary benefit to the partially buried tank design is that it will reduce visual impacts. The partially buried tank is designed with the bottom of the tank at approximately 22 feet below grade. Approximately 3 to 6 feet of tank wall will be visible above grade. “Native” colors will be selected for the tank color.

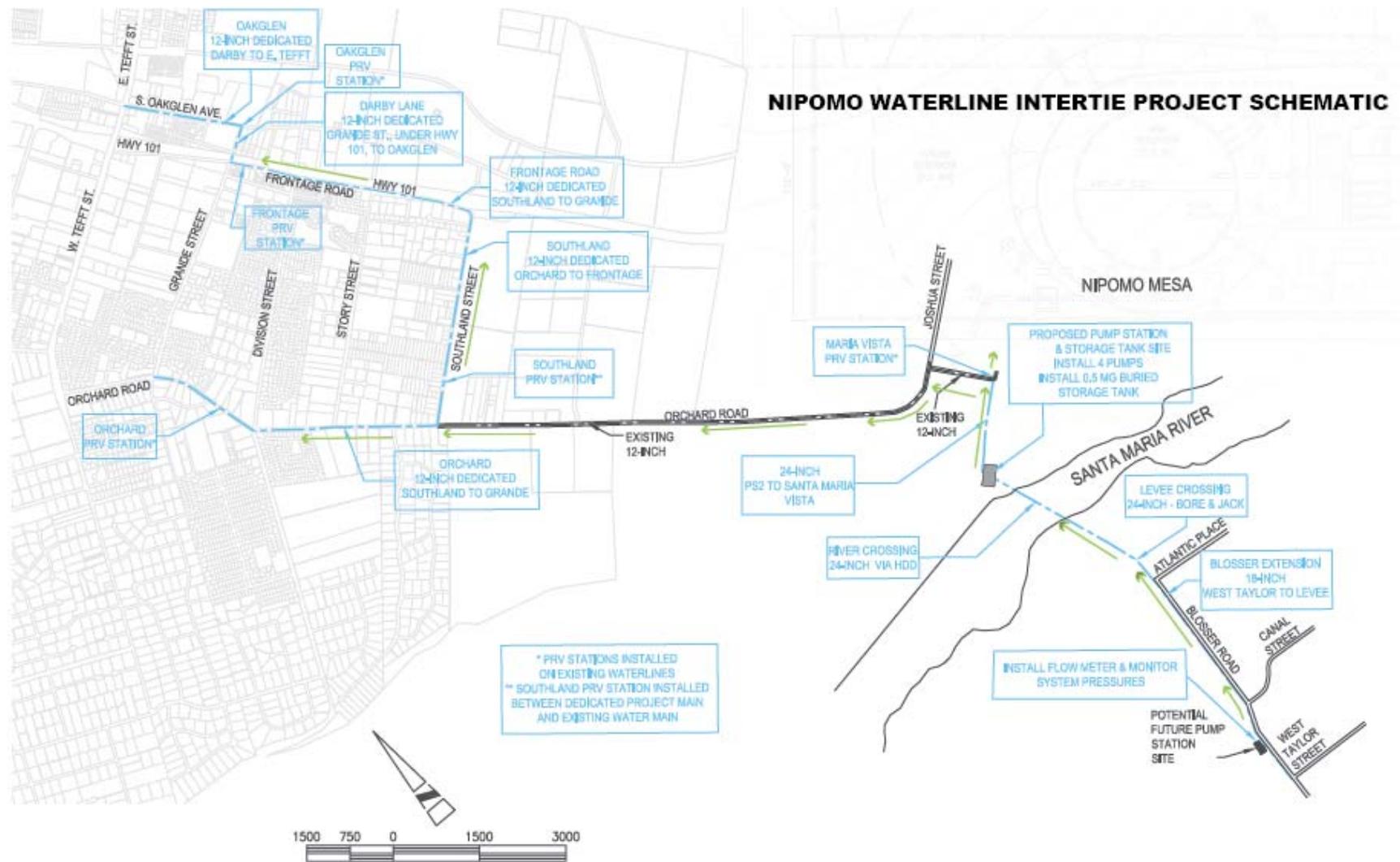
Figure 3.4.3. Nipomo Waterline Intertie Project Facility Locations

Nipomo Community Services District

Waterline Intertie Project



Figure 3.4.4. Nipomo Waterline Intertie Project Components



Booster Pump Station

The booster pump station consists of four vertical turbine pumps and associated controls. The pumps will draw water from the reservoir and deliver it at flows ranging from 600 gallons per minute (gpm) to up to 2,000 gpm. A 24-inch pipeline will be installed to connect the pump station to an existing 12-inch waterline. Water will be pumped along Orchard Road (in the existing 12-inch waterline) and branch into new dedicated pipelines that connect to the main NCSD system in several locations.

NCSD System Pipeline Improvements

Dedicated 12-inch waterlines will be installed to deliver water to the system's back-bone transmission mains in order to protect smaller existing waterlines and users from high pressures. These dedicated mains will be in five areas:

1. Along Orchard Road, from Southland Street to Grande Street;
2. Along Southland Street, from Orchard Road to Frontage Road;
3. Along Frontage Road from Southland Street to Grande Street;
4. From Grande Street, northeast underneath Highway 101 to Darby Lane, continuing on Darby Lane to South Oakglen Avenue; and
5. Along South Oakglen Avenue from Darby Lane to Tefft Street.

The dedicated mains will connect to the existing system at Orchard Road and Grande Street, Frontage Road and Grande Street, and South Oakglen Avenue and Tefft Street.

Pressure Reducing Valve Stations

Pressure-reducing-valve (PRV) stations will protect downstream users from high pressures required for the supplemental water delivery. Five PRV stations will be installed around the NCSD's system. One will be placed on Santa Maria Vista Way near the connection to the existing 12-inch waterline, lowering pressure for the Maria Vista Development. Three stations will be placed strategically to create a separate pressure zone in the southwest region of the NCSD's system (on Grande Street, on Orchard Road, and on Oakglen Avenue). The fifth PRV station will be installed on Southland Street between the dedicated main and an existing waterline to allow high flows into the new pressure zone during an emergency (low pressure) situation.

Chloramination Disinfection Conversion

The project includes conversion of four production wells from chlorination to chloramination systems and a booster chloramination system at the pump station. The Preliminary Engineering Memorandum (Boyle/AECOM, May 2008) contains a detailed discussion of the project's disinfection options and water quality issues, and recommends the conversion to match the disinfection process of the supplemental water.

The NCSD will install chloramination equipment at Sundale, Eureka, Via Concha, and Blacklake #4 wells. Production records indicate that these four wells, along with the Bevington or Knollwood Well (if a chloramination system is installed in the future) should produce sufficient water to meet the year 2007 maximum daily demand of 3,152 gpm (4.5 MGD). Other wells could be on standby until such time as they were needed, or they could be operated periodically, using a portable chloramination system.

Chloramine concentration will be increased at the pump station to provide adequate chloramine residual in the NCSD distribution system.

The WIP preliminary design report was completed in May 2008. The final design of the project will consist of a Concept Design Report, 60% Design, 90% Design, Draft Final (95%) and Final Design (100%). The design drawings and specifications are being developed as four separate bid packages as follows:

1. Bid Package 1 – Santa Maria River Crossing
2. Bid Package 2 – Nipomo Area Pipelines

3. Bid Package 3 – Blosser Road Waterline, Meter, and Flow Control Station
4. Bid Package 4 – Joshua Street Pump Station and Reservoir

Design packages including drawings, specification and cost estimates are being prepared at the 60% Design, 90% Design Draft Final Design and Final Design. The status of four bid packages is as follows:

1. Bid Package 1 – Santa Maria River Crossing – 60% - Completion tied to contract prequalification
2. Bid Package 2 – Nipomo Area Pipelines – Draft Final Design Complete
3. Bid Package 3 – Blosser Road Waterline, Meter, and Flow Control Station – Final Design Complete
4. Bid Package 4 – Joshua Street Pump Station and Reservoir – 90% Design Complete

The Final Design will be completed along with the bid documents by June 2011, prior to final grant contracting. Copies of the various bid packages in their current states of completion as noted are included with this application.

Design of the WIP is being completed to current civil, geotechnical, seismic, mechanical, electrical, and architectural standard practices. Each submittal has been through a third party review for value engineering as well as constructability and bidability. Construction documents and contracts will include Section 7 Caltrans State Standard Specifications and the requirements of the State labor code for Public Works projects in accordance with the Labor Compliance Plan.

A variety of standards are being used for the piping, materials, equipment, and construction of the WIP including standards from the:

- American Concrete Institute (ACI);
- American Society for Testing and Materials (ASTM);
- American Institute of Steel Construction (AISC);
- American Water Works Association (AWWA);
- American Society of Mechanical Engineers (ASME);
- American National Standards Institute (ANSI); and
- American Welding Society (AWS)

Note that the list above is a sampling of organizations whose standards are used for the WIP and is not comprehensive. Numerous other standards, too many to list, are also called for in the WIP contract documents.

Financing

NCSD has explored various alternatives for financing the construction of the Waterline Intertie Project, namely increasing bi-monthly water rates or the creation of an assessment district. Water rates, if approved, can only be imposed on NCSD customers (developed properties receiving water service) while assessments, if approved, can be imposed on both developed and vacant properties. In September 2008, the NCSD Board approved the formation of an assessment district as the best alternative to finance NCSD's portion of the construction costs of the Waterline Intertie Project. The NCSD, thereon, retained a consultant to prepare assessment data reports for assessing the developed and undeveloped properties within NCSD.

Subsequently, NCSD, Woodlands, Golden State Water Company and Rural Water Company began exploring the formation of an assessment district to finance all participating water companies' construction costs. Because the NCSD cannot form assessment districts outside its boundaries, the NCSD requested the County of San Luis Obispo to participate in the formation of an assessment district that would include properties within the NCSD, WMWC, GSWC and RWC to finance all construction costs of the Waterline Intertie Project.

An assessment district that includes the participation of all water companies makes sense for several reasons including the following:

1. Both developed and undeveloped properties will participate in paying for the construction of the Waterline Intertie Project, thus spreading costs beyond the existing water customer base. Undeveloped properties

benefit, because property owners will have a source of water to support development within existing water company boundaries consistent with development authorized by the existing County General Plan.

2. Rather than financing the Project with a variety of mechanisms i.e., rates and charges from some participating water companies (that require CPUC approval) and NCSO's formation of an assessment district, a single assessment district provides a uniform financing mechanism that includes timely payment of costs and does not require CPUC approval.
3. Assessment district bonds are sold with lower interest rates thereby, reducing total project costs.

NCSO and San Luis Obispo County have executed an agreement (Exhibit 4Q) for the formation of the assessment district to finance the Waterline Intertie Project. Subject to land owner approval through the appropriate Proposition 218 assessment process, the County will form an assessment district to fund the project and NCSO, along with its partner purveyors, will fund all of the County's costs related to the formation of the assessment district. Major tasks and the schedule for the assessment district formation are as follows:

- | | |
|---|--------------|
| • Preliminary Engineer's Report, Roll and Diagram | January 2011 |
| • Final Engineer's Report, Roll and Diagram | March 2011 |
| • Mail Ballots to Property Owners | April 2011 |
| • Protest Hearing | May 2011 |
| • Authorize sale of Bonds | June 2011 |
| • 30 Day Cash Collection | July 2011 |
| • Tax Roll Submittal | July 2011 |

If any Proposition 84 funding is awarded for construction of the project, annual assessments for NCSO property owners will be reduced accordingly.

Environmental Compliance

The Final Environmental Impact Report was adopted on April 22, 2009. A notification to the Native American Heritage Commission (NAHC) was submitted and a response was received on July 3, 2008 (see Exhibit 4R). A records search and field survey were conducted in accordance with their response and mitigation measures were incorporated into the EIR to address cultural resources.

Milestones (in chronological order):

- | | |
|--|--------------------|
| Water Resources of the Arroyo Grande – Nipomo Mesa Area | October 25, 2002 |
| Nipomo Mesa Groundwater Resource Capacity Study | March 2004 |
| Supplemental Water Memorandum of Understanding | September 7, 2004 |
| Water Supply in the Nipomo Mesa Area, Resource Capacity Study | October 2004 |
| Stipulated Agreement | June 30, 2005 |
| Draft Preliminary Engineering Memorandum | November 2006 |
| Evaluation of Supplemental Water Alternatives TM No. 1 | June 2007 |
| Evaluation of Desal as a Source of Supplemental Water TM No. 2 | September 28, 2007 |
| Evaluation of Supplemental Water Alternatives TM No. 3 | November 30, 2007 |
| Final Preliminary Engineering Memorandum | May 2008 |
| NCSO Board Approval of Assessment District | September 2008 |
| Final Environmental Impact Report | April 22, 2009 |
| Concept Design Report (30% Design) | April 2009 |
| 60% Design Documents | September 2009 |
| Wholesale Water Supply Agreement | January 5, 2010 |
| 2009 Nipomo Mesa Management Area TG Annual Report | June 2010 |
| Final Design Bid Package 3 | July 2010 |
| NCSO/SLO County Assessment District Agreements | September 2010 |
| Final Design Bid Package 4 | February 2011 |

Final Design Bid Package 2	March 2011
Proposition 218 Engineers Report	March 2011
Final 90% Design Bid Package 1 for Contractor Pre-Qualification	April 2011
Proposition 218 Protest Hearing	May 2011

Task Overview

This section details the specific activities that will be performed to implement the proposal. The task descriptions are presented in a format that will allow it to be used as the scope of work in the grant agreement if the proposal is selected for funding. The task detail is sufficient to demonstrate a high expectation of successful implementation. Additionally, the tasks provide sufficient detail to justify the projects' cost estimates are consistent with those used in Attachment 4, Budget, and Attachment 5, Schedule.

The work completed to date or expected to be completed by June 1, 2011 was discussed in the introduction section under "Completed Work". This section addresses the items which will be implemented after June 1, 2011.

Project Number 1. IRWM Implementation Grant Administration

San Luis Obispo County (County) will be the grant administrator and fiscal agent for the Proposition 84 IRWM Implementation Grant, if awarded. The tasks associated with this grant administration project are:

- Develop, negotiate, and secure all grant agreements necessary for grant award and implementation, including grant agreements with the Department of Water Resources (DWR) and the non-County project sponsor Nipomo Community Services District (NCSO).

The NCSO has signed a Letter of Intent (Exhibit 4B) committing to entering into a Memorandum of Understanding with the County of San Luis Obispo for administration of Proposition 84 grant funds for the construction of the Nipomo Waterline Intertie Project. The MOU will include:

- Roles and responsibilities of County and NCSO for administration of the grant and distribution of the grant funds for the construction of the Waterline Intertie Project consistent with the Proposition 84 grant agreement;
 - Interest of the signatories that water resources are responsibly managed and conserved to the extent feasible; and
 - Interest of the signatories to coordinate and share information concerning the Waterline Intertie Project.
- Document compliance with the Labor Compliance Plan requirements.
 - Monitor and communicate project and grant progress with DWR and prepare quarterly grant reports that describe the progress and accomplishments for the quarter, including an assessment of project schedule and budget, and updated schedules and budgets, if appropriate. The quarterly reports shall be prepared consistent with State grant guidelines and in accordance with Project Performance Monitoring Plans. Project proponents will be providing this information to the County per Task 1a for each project.
 - Following project close-out for each of the three projects, prepare and submit to DWR a Final Report summarizing the project implementation, demonstrating completion of all task items, and documenting the project costs and grant distributions. The final reports shall be prepared consistent with State grant guidelines.
 - Upon completion of all projects in the grant, submit to DWR a Grant Completion Report. The Grant Completion Report will be submitted within ninety (90) calendar days of submitting the Project Completion Report for the final project to be completed under the Grant Agreement. The Grant Completion Report shall include a brief description of each project completed and how they will further the goals of the IRWM Plan.
 - Submit a Post Performance Report for each of the three projects. Post Performance Reports shall be submitted to DWR within ninety (90) calendar days after the first operational year of a project has elapsed. In subsequent operational years, all Post Performance Reports for projects completed under this grant shall be submitted concurrently, and by the date specified in the grant agreement. This record keeping and reporting process shall be repeated, for each project, annually as specified in the grant agreement. The County has assumed Post Performance Reports are required for a total of 10 years after the completed project begins operation.
 - Ensure that all groundwater projects and projects that include groundwater monitoring requirements are consistent with the Groundwater Quality Monitoring Act of 2001 (Part 2.76 (commencing with Section 10780) of Division 6 of the Water Code) and that projects that affect water quality shall include a monitoring component that allows the integration of data into statewide monitoring efforts, including but not limited to, the surface water ambient monitoring program carried out by the State Water Resources Control Board.
 - Integrate data collected from the three projects into the County's Data Management System for transmittance to State data programs such as the Water Data Library, Surface Water Ambient Monitoring Program, Groundwater Ambient Monitoring and Assessment program, California Environmental

Information Catalog, Integrated Water Resources Information System, California Environmental Resources Evaluation System and California Statewide Groundwater Elevation Monitoring program.

- For each project, the County will promptly notify DWR, in writing, of the following items:
 - a) Events or proposed changes that could affect the scope, budget, or work performed under the grant agreement. The County agrees that no substantial change in the scope of a project will be undertaken until written notice of the proposed change has been provided to State and State has given written approval for such change.
 - b) Any public or media event publicizing the accomplishments and/or results of the grant agreement and provide the opportunity for attendance and participation by DWR’s representatives.
 - c) Completion of work on a project.
 - d) Final inspection of a project by a Registered Civil Engineer, in accordance with Standard Condition D-14, and provide DWR the opportunity to participate in the inspection.
- Initiate the development of the Updated IRWM as required if grant funding is awarded. This update is not included in this workplan, only the commitment by the County to ensure the update is completed within two years of IRWM implementation grant contracting.

Deliverables:

DWR Grant Agreement	June 2011
NCSD Project Sponsor Agreement	June 2011
Labor Compliance Documentation	As noted for each project in the Work Plan
Quarterly Reports	Ongoing
Grant Reimbursements	Ongoing
Project Completion Reports	Project Completion
IRWM Grant Completion Report	90 Days following the last Final Report
Project Performance Monitoring Report	Annually
Integration of Data into State Programs	Annually
General DWR and Project Sponsor Coordination	Ongoing

Project Number 2. Los Osos Community Wastewater Project

The County has made significant progress on the Los Osos Community Wastewater Project as demonstrated in the Completed Work section. The County will complete the project through the implementation of the following tasks:

- Task 1: Project Administration
- Task 2: Land Acquisition
- Task 3: Planning/Design/Engineering/Environmental Documentation
- Task 4: Construction/Implementation
- Task 5: Environmental Compliance/Mitigation/Enhancement
- Task 6: Construction Management

The project and funding status by task is summarized below.

Task	In Progress	Complete by 6/1/11	Funding Requested
Task 1 Project Administration	Yes	No	No
Task 2 Land Acquisition	Yes	No	No
Task 3: Planning/Design/Engineering/Environmental	Yes	No	No
Task 4 Construction/Implementation	Yes	No	Yes
Task 5 Environmental Compliance/Mitigation/Enhancement	No	Yes	No
Task 6 Construction Management	Yes	No	No

The following are task descriptions:

Task 1: Project Administration (Budget Category a)

The County has continued to approve budget augmentations for ongoing project administration during the environmental permitting and preliminary design phases. Ongoing project administration tasks include construction contract preparation, SRF funding, other grant funding, and preliminary design.

AB 2701 also established a due-diligence review period for the County to consider relevant project factors, including financing, development of technologies, facility locations, permits, and other necessary approvals. Upon completion of the due-diligence review, the County is required to adopt a resolution declaring its intention to proceed with the project. The due-diligence resolution is currently anticipated to be adopted in March 2011 (prior to grant contracting), after the project financing package is completed with a funding commitment from the State Water Board.

Project Management

Ongoing project management tasks will be conducted by following an established project management plan. Project management activities will focus on factors that are critical to the success of the project by tracking schedule and budget details. Project management roles also include project documentation, quality control, public and team communications, and risk management.

In support of the IRWM Implementation Grant administration, quarterly project reports will be provided to the County that describes the progress and accomplishments for the quarter and is in accordance with the Project Performance Monitoring Plan. An assessment of the project schedule and budget, and updated schedules and budgets, if appropriate, will also be included. Following project close-out, the County will prepare a Final Project Completion Report summarizing the project implementation, demonstrating completion of all task items, and documenting the project costs and grant distributions. The Final Report will be submitted within 90 days of project completion (including environmental mitigation and compliance work). The quarterly reports and final reports shall be prepared consistent with State grant guidelines.

Labor Compliance Program

The County has an existing Labor Compliance Program consistent with subdivision (b) of Labor Code Section 1771.5. This task involves the work needed to demonstrate compliance with state labor laws. The County of San Luis Obispo will ensure compliance with state labor codes in three ways:

- The county will submit to the State a letter with associated exhibits documenting compliance with relevant Labor Code requirements.
- The construction contract special provisions will state that adherence to Caltrans State Standard Specifications is required. Section 7 of the State Standard Specifications addresses the requirements of the State labor code for Public Works projects.
- The Construction Manager reviews the contractor's payroll submittals for labor compliance as required in the State Standard Specifications.

No work on this task will occur until award of grant funding for the project. The Labor Compliance Program will proceed concurrently with project construction and be completed in November 2014.

Recycled Water Reuse Contracts

The project description in the final approved Coastal Development Permit includes 100% beneficial reuse of the treated effluent within the limits of the Los Osos groundwater basin. The following methods are allowed for beneficial reuse:

- Percolation at Broderson Leach Field: 448 AFY (annual average)
- Percolation at Bayridge Estates Leach Field: 33 AFY
- Urban Reuse in Los Osos at schools, parks, golf course, cemetery
- Agricultural Reuse in areas over the groundwater basin (permit condition requires at least 10% of total flow)

Start up flows are anticipated to be 700 acre-feet per year (AFY), which will require reuse contracts for approximately 220 AFY for irrigation users. Of this amount the urban reuse demand at large turf areas is estimated at 120 AFY, all of which is at locations owned by entities that currently use recycled water at facilities they own. The remaining 100 AFY will be available for agricultural reuse. There has been a high amount of interest in recycled water from the agricultural community throughout the project planning process. Priorities for agricultural reuse are based on overall water supply benefits in the basin, the ability of growers to use the recycled water on a guaranteed schedule, and cost considerations.

Negotiations for recycled water reuse contracts are in progress and scheduled to be completed by August 2011.

At community build-out wastewater flows to the treatment facility are estimated to exceed 800 AFY. It is anticipated that this additional recycled water will be used for urban and agricultural reuse. However, the approved Coastal Development Permit requires that no new development (additional build-out) can connect to the system until a water management plan is adopted that addresses the sustainability of the water supply. The groundwater basin and recycled water management plans (discussed in Task 3 below) are being developed concurrently and must identify additional irrigation reuse locations that have the dual benefit of increasing the available potable water supply and providing reuse capacity for the project in order for new development to occur.

Compliance with Financing Agency Conditions

Approximately half of the project financing is being provided by USDA as a low interest loan with a 40 year term to help with affordability. The USDA has obligated funds for the project and established their specific conditions in their "Letter of Conditions" dated August 30, 2010. The County must meet these conditions prior to the disbursement of funds. The County has also applied to the State Water Board (SWB) for a low interest loan for the other half of project financing, and the SWB is anticipated to approve the loan application in early 2011. Similar to

the USDA loan, the SWB will establish funding and specific conditions that must be met prior to the disbursement of funds. Many of these conditions are standard to any public financing and address accounting, auditing, and general compliance with state and federal laws. Additional, project specific, conditions have also been included. The following are some of the project specific conditions which correspond with tasks in this Work Plan.

- Certify that the County has obtained, or can obtain, any and all rights-of-way, easements, permits and franchises which are required by the engineering plan.
- Obtain all federal, state, and local regulatory permits and complete the CEQA and NEPA environmental reviews.
- Complete written contracts for the sale or transfer of recycled water for use on private land.
- Establish assessments and service charges under CA Proposition 218 sufficient to provide all required revenue for capital debt service, operating and maintenance expenses.

Compliance with the financing agency conditions is ongoing and expected to be completed by February 2012.

Proposition 218 Assessment Vote for Undeveloped Properties

The Proposition 218 assessment vote in the fall, 2007 created a wastewater assessment district and resulted in the approval of approximately \$127 million in assessments of developed real property. At this time an additional \$27 million of special benefits for the wastewater project were identified for undeveloped properties. These special benefits were not the subject of the 2007 proceedings but were anticipated for a future Proposition 218 vote, pending the findings of a report on options for undeveloped properties.

The need for the development of additional options for undeveloped properties was established by County Board of Supervisor policy on July 17, 2007. This policy recognized that additional conditions must be satisfied before owners of undeveloped properties can develop their properties, even if the wastewater project is completed. Development of new water supply infrastructure, and/or habitat conservation resources may be needed for those undeveloped parcels before they can develop. Pending the findings of the report on options for undeveloped properties, a Proposition 218 vote for the undeveloped properties is scheduled for late 2013. However, the construction of the Los Osos project is fully funded by the property assessments and service charges that have already been established and will proceed regardless of the undeveloped properties assessment.

Project Performance Monitoring Plan

The Project Performance and Monitoring Plan (PPMP) will be prepared at the initiation of implementation to outline how the project performance will be assessed and evaluated. The PPMP will lay out an evaluation and assessment process based on the San Luis Obispo County Integrated Proposal goals and outcomes.

There are nine project goals that the completed project will be evaluated against to determine the project's performance.

1. Eliminate wastewater discharges from septic systems in high-density residential areas, including failing septic systems.
2. Reduce nitrate concentrations in groundwater to below the drinking water standard.
3. Decrease pathogen levels in groundwater seeps, storm water runoff, and Morro Bay Estuary.
4. Reduce high water table conditions and flooding in low-lying areas, while preserving existing wetland habitat.
5. Reduce average indoor water use to 50 gal/person/day through implemented water conservation measures.
6. Recycle all collected wastewater and reuse within the groundwater basin area.
7. Increase the safe yield of the Los Osos Valley Groundwater Basin (Basin).
8. Mitigate sea water intrusion.
9. Improve the community's ability to manage water resources.

Performance will be measured through comparison of pre-project baseline information and surveys with surface and ground water, habitat, water usage, wastewater collection, treatment and reuse data produced from the following monitoring programs and project implementation components discussed as a part of the various work tasks as noted:

- Groundwater Level Monitoring and Management Plan (CDP Condition 87; Completed Task 3a)
- Habitat Conservation Plan (CDP Condition 92; Completed Task 3c)
- Treated Effluent Re-use (CDP Condition 97; Task 3a)
- Water Conservation Program (CDP Condition 99; Task 3a)
- Verification of Retrofits (CDP Condition 103; Task 3a)
- Verification of Water Metering (CDP Condition 108; Task 3a)
- Habitat Management Plan (CDP Condition Coastal 3, 3b; Task 3c)
- Basin Recycled Water Management Plan (CDP Condition Coastal 5; Task 3a)
- Interlocutory Stipulated Judgment Basin Management and Monitoring Requirements (Completed Task 3a)
- MBNEP Volunteer Monitoring Program (independent of project)
- Central Coast Ambient Monitoring Program (independent of project)
- RWQCB Storm Water Runoff Monitoring (independent of project)
- County Water Level Monitoring (independent of project)
- Los Osos Nitrate Monitoring Program (Completed Task 3a)
- Water Purveyor Supply Well Monitoring (Completed Task 3a)
- Sea Water Intrusion Monitoring Program (Completed Task 3a)

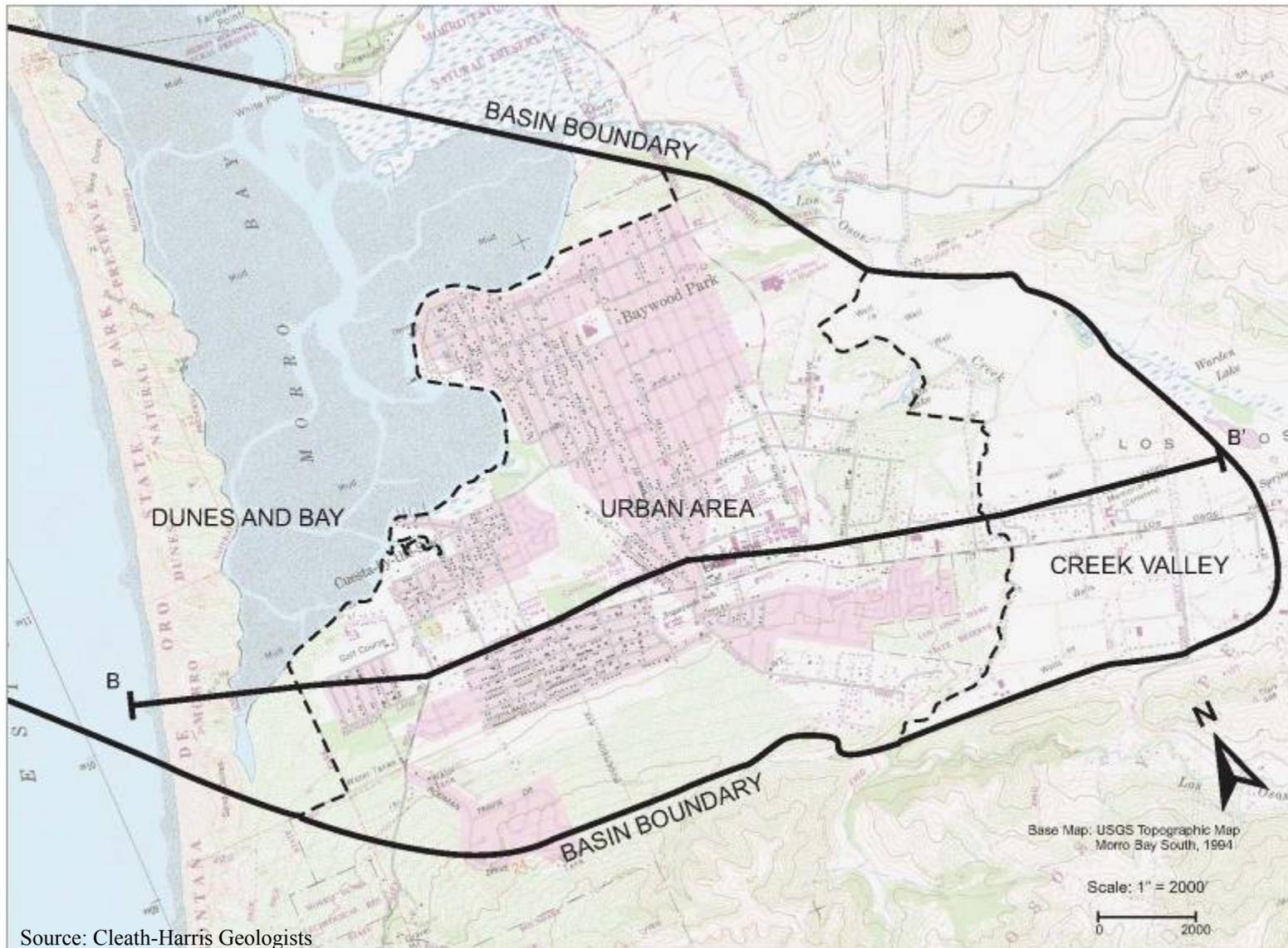
More details of the proposed measurement tools and methods can be found in Attachment 6. Figures 3.2.2 through 3.2.4, below, show potential monitoring locations, including surface water features, wells available for monitoring tasks, and a cross section of groundwater basin aquifers to be monitored.

The PPMP is scheduled to be completed in November 2011 with monitoring ongoing through project construction and after.

Task 1 Deliverables:

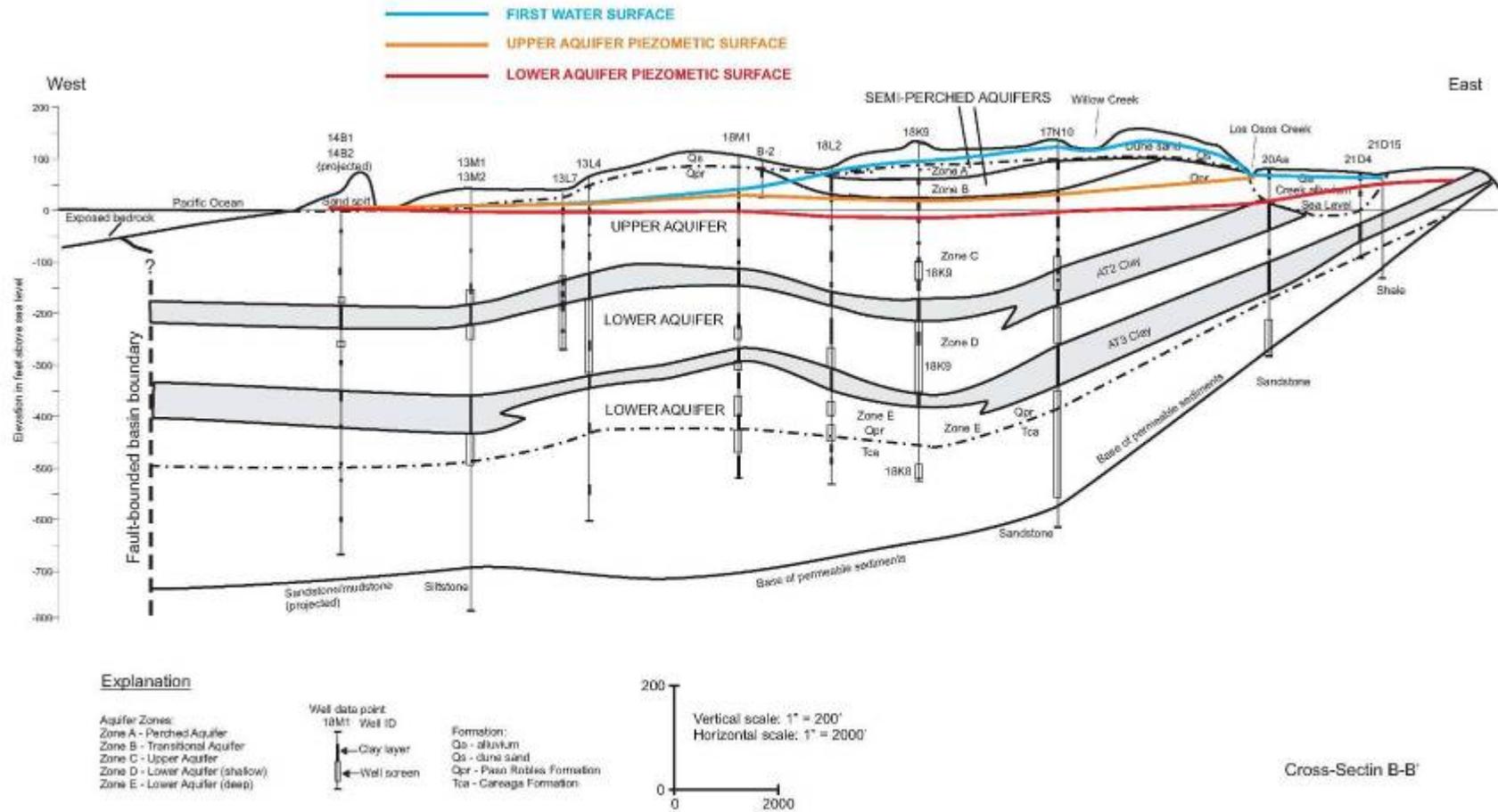
Quarterly Reports	Ongoing
Final Project Completion Report	April 2015
Labor Compliance Program Documentation	July 2011
Recycled Water Reuse Contracts	August 2011
Proposition 218 vote for undeveloped properties	December 2013
Project Performance Monitoring Plan developed	November 2011

Figure 3.2.2: Los Osos Groundwater Basin Boundary



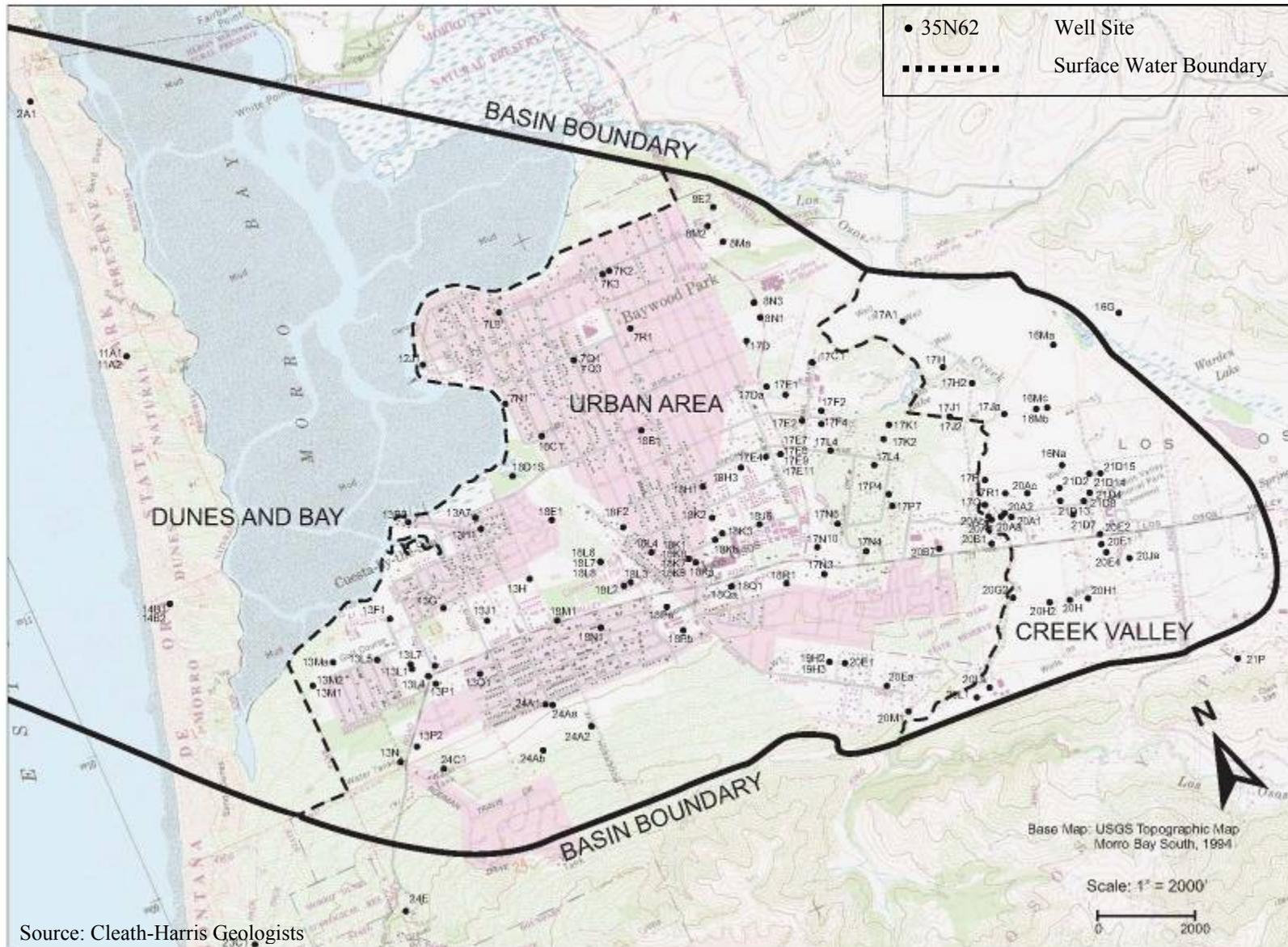
Source: Cleath-Harris Geologists

Figure 3.2.3: Los Osos Groundwater Basin Cross Section



Source: Cleath-Harris Geologists

Figure 3.2.4: Los Osos Groundwater Basin Potential Monitoring Sites



Task 2: Land Purchase/Easement (Budget Category b)

Negotiations for real property and rights of way are in progress. The County has contracted with independent consultants for appraisal and right of way acquisition services. A right of way certification for the collection system and effluent reuse sites will be completed by August 2011; the treatment facility certification will be completed by December 2011. Additionally, property acquired by the Los Osos CSD for their previous project development will be transferred to the County for use with the wastewater project, in accordance with AB 2701 (Blakeslee, 2006).

Collection System

The collection system pipeline alignments and pump station locations were largely determined during the LOCSD's project development. Existing County right of way will be utilized for most pipeline alignments and pump stations with a few exceptions. The LOCSD acquired most of the required easements and real property, which will be transferred to the County for use on the project. Negotiations for the remaining collection system easements and one property are in progress and scheduled to be completed by August 2011.

Effluent Reuse/Disposal

An effluent reuse location known as the Broderson site was planned during the LOCSD project development. This site remains a key component of the County project in the approved Coastal Development Permit and will be transferred from the LOCSD to the County. Other reuse sites approved for the project are existing leachfields currently operated by the LOCSD but owned by a private entity. Negotiations for the leachfield properties are in progress and scheduled to be completed by August 2011. Contracts for irrigation reuse with urban and agricultural users are in progress and discussed in Task 1, above.

Treatment Plant

The Coastal Development Permit issued for the project established the treatment plant location at a property known as the Giacomazzi site. The property owners have indicated that they are a willing seller and negotiations are in progress. An easement for the treatment plant access road will also be required from an adjacent parcel. These acquisitions are scheduled to be completed by December 2011.

Task 2 Deliverables:

Complete Collection System Land Acquisition	August 2011
Complete Effluent Reuse/Disposal Land Acquisition	August 2011
Complete Treatment Plant Land Acquisition	December 2011

Task 3: Planning/Design/Engineering/Environmental Documentation (Budget Category c)

Project planning efforts include engineering, water resources, financial and environmental issues that are related to the overall project efforts. Many of these items are ongoing and must be completed at some future date, such as prior to project completion, but are not on the critical path for project development related to design and construction.

Task 3A: Engineering/Water Resources Planning

Groundwater Basin Management Plan

A groundwater basin management plan (BMP) is not a project requirement. However, one is currently being prepared as part of the groundwater litigation and adjudication process to address basin overdraft and sea water intrusion. Under the litigation, separate from the wastewater project, an agreement to develop a BMP was reached in September 2007. The plan is being developed by an inter-agency working group that consists of staff and consultants for each of the water purveyors and the County. It is anticipated that the implementation of a

wastewater project in Los Osos will be a critical first step to achieving a sustainable water supply. The following efforts are included in the water management planning process:

- Establishment of a comprehensive groundwater basin management plan that is consistent with the Central Coast Region Basin Plan, effectively mitigates sea water intrusion, and ensures an adequate water supply for the build-out of the community. These management efforts will be guided by previously completed hydrogeologic studies and planned additional modeling efforts. In preparation for the additional modeling efforts, a peer review of past work has been completed.
- Establishment of a comprehensive water conservation plan to complement and further the goals of the overall groundwater basin management plan, taking into account indoor and outdoor conservation measures and developing water efficiency standards for new development.
- Implementation of an effective monitoring program that includes routine analysis of physical and chemical data to confirm the validity of modeled basin management solutions.
- Collaboration with the County on the wastewater project to maximize the safe yield of reclaimed water resources to the benefit of basin stakeholders.

The groundwater basin management plan is scheduled to be completed by December 2011, after comments are received and considered based on the March 2011 public draft released as discussed in the completed work section.

Recycled Water Management Plan

The approved Coastal Development Permit includes a condition to prepare a Recycled Water Management Plan prior to initiation of construction. The plan will include the following components:

- Recycled Water Reuse Program: based on the reuse priorities established in the permit conditions and the urban and agricultural reuse contracts developed with irrigation users, which are discussed in Task 1 above.
- Water Conservation Program: implemented to meet a goal of 50 gallons per capita per day of indoor water use.
- Groundwater Monitoring and Management Program: developed to meet Coastal Commission requirements, California Statewide Groundwater Elevation Monitoring (CASGEM), Salt and Nutrient Management Plan, and the Quality Assurance Project Plan and Post Construction Monitoring Plan discussed in Task 7 below.
- Reporting and Adaptive Management Program: developed to meet Coastal Commission requirements and the Project Performance Monitoring Plan discussed in Task 1.

A consultant has been selected to prepare the Recycled Water Management Plan. The consultant is also the lead consultant in the development of the Groundwater Basin Management Plan, under the groundwater litigation, so the County is able to utilize existing experience with Los Osos water supply issues and ensure that the plans are consistent. The Recycled Water Management Plan is currently being developed as a separate work product from the Groundwater Basin Management Plan in order to meet schedule requirements. However, the two plans will be developed to produce similar results. The following are key components of the Recycled Water Management Plan.

- Recycled Water Reuse Program that ensures that all recycled water is used in a manner that will meet Basin Plan objectives and be beneficial to the groundwater basin. Highest priority for reuse is the replacement of potable water uses.
- Water Conservation Program incorporated into the water supply planning, including coordinating with the community water purveyors to further conservation goals.
- Water Resources Monitoring Program that assesses the effectiveness of the plan over time to ensure that Basin Plan objectives are achieved. The monitoring program will establish measurable goals and long-term success criteria for both shallow water sources for ecological uses and deeper drinking water aquifers.

- Reporting and Adaptive Management Program to prepare annual reports on the implementation and effectiveness of the Recycled Water Management Plan. The reports will include all data collected, describe progress toward success criteria, and make recommendations to better meet objectives.

The Recycled Water Management Plan is currently being prepared by the consultant, with a final draft due in May 2011 for review by the Executive Director of the California Coastal Commission. Following approval by the Coastal Commission, the Recycled Water Management Plan is scheduled to be completed by August 2011.

Water Conservation Program

The approved Coastal Development Permit includes a condition to prepare an indoor water conservation program that will meet the goal of 50 gallons per person per day for indoor use, and verification of water meter installation and retrofit prior to collection system connection. A water conservation program has been a key component of project planning for many years. In addition to addressing community water supply issues, water conservation will reduce flows and costs for the collection, treatment and reuse of wastewater. The permit condition sets a goal of 50 gpd for indoor use and requires a budget of up to \$5 million to implement the program. The program is currently being developed and will follow previous water conservation planning efforts for Los Osos, which show that retrofit of toilets and bathroom fixtures should accomplish the major part of the conservation at a minimal cost. Rebates and incentives for measures such as water audits, efficient appliances, and gray water systems are likely, as well as, extensive public education and outreach.

A consultant has been selected to prepare the program to meet the Coastal Permit condition, which only covers indoor use in the wastewater service area. The same consultant is also preparing a comprehensive program for community-wide, indoor-outdoor conservation as part of the groundwater basin management plan under the groundwater litigation and adjudication process. In effect, there will be one water conservation plan that meets the goals of both the wastewater project and the groundwater basin management plan.

The Water Conservation Program is scheduled to be completed by August 2011.

Septic Tank Decommissioning Plan

The final approved Coastal Development Permit includes a condition to prepare a Septic System Decommissioning Plan that will provide a process for evaluating septic systems for possible on-site reuse, including for on-site filtration and percolation of storm water to the degree feasible and appropriate, and a process for implementing such conversion or for implementing appropriate abandonment measures, depending on which approach property owners choose. The plan will include the following components:

- Research describing the potential for the reuse of septic system components, including the tank and/or leach field, to address applicable building codes, system component requirements, component condition requirements, and system capacity potential.
- Coordination with, at a minimum, the County Health Department, County Building Department, Regional Water Quality Control Board, State Water Resources Control Board, California Department of Public Health, and septic system operations professionals.
- A suite of alternatives for the reuse of septic system components (tank and/or leach field) to benefit groundwater recharge, runoff reduction, water conservation, and water quality in accordance with CDP Condition 87 – Groundwater Level Monitoring and Management Plan.
- System reuse minimum standards designed to protect public and environmental health, and as a guide for construction inspections, including tank condition, leach field condition, initial cleaning & sanitation standards, and plumbing and electrical connections.
- A uniform on-site assessment method including assessment methodologies and field assessment forms.
- A homeowners guide to septic system decommissioning and reuse.
- Public Education materials and Public Education sessions.

The Septic System Decommissioning Plan is scheduled to be completed and ready for implementation in April 2014, 6 months prior to completion of project construction.

Task 3A Deliverables:

Groundwater Basin Management Plan	December 2011
Recycled Water Management Plan	August 2011
Water Conservation Program	August 2011
Septic Tank Decommissioning Plan	April 2014

Task 3B: Financial Planning

Undeveloped Property Options Report

The method of project funding contributions from undeveloped properties will be established in 2012 or 2013. The Proposition 218 assessment proceedings in the fall of 2007 identified the wastewater project cost share attributable to undeveloped properties as approximately \$27 million. However, these properties were not assessed through the proceedings due to restrictions on their development.

The Coastal Development Permit issued for the LOCSD project had conditions which restricted the ability to develop vacant parcels, which were subsequently also included in the permit issued to the County. The conditions required the implementation of a groundwater basin management plan, a habitat conservation plan and the formal adoption of these plans into the general plan before new development could connect to the wastewater system. Due to the uncertainty of meeting these conditions at the time of the Proposition 218 proceedings, development of vacant parcels was not guaranteed even with the availability of wastewater service.

In response to the limitations on undeveloped properties, the County has adopted policies for determining the best method of securing project funding from owners of undeveloped properties. The policy calls for staff to prepare a report on undeveloped property options which includes the following considerations:

- Wastewater infrastructure needed;
- Water supply infrastructure needed;
- Habitat conservation resource issues to be resolved;
- General plan issues to be resolved;
- Funding options through a Proposition 218 vote for undeveloped property
 - Option 1: “Availability” assessments pursuant to the Uniform Standby Charges Procedures Act
 - Option 2: “Resource project” which addresses wastewater, water supply, habitat, and planning needs
- Funding option through development fees to pay for wastewater, water supply, habitat, and planning needs; and
- Other considerations that may be identified.

A second Proposition 218 vote for undeveloped properties is the preferred option and it is important to complete this process prior to the end of project construction in order to address affordability issues for currently developed properties. The timing of a report on options for undeveloped property and the related Proposition 218 assessment proceedings is dependent on the progress of the Groundwater Management Plan and Habitat Conservation Plan efforts, since those are the key issues related to the ability of undeveloped properties to be allowed to develop, per Coastal Development Permit Conditions 86 and 92.

Upon completion of the Groundwater Management Plan in 2011 and a final draft Habitat Conservation Plan in 2013, County staff will prepare a staff report to the County Board of Supervisors detailing options for undeveloped properties and make policy recommendations for the Proposition 218 assessment proceedings.

Completion of the report on options for undeveloped property and the related Proposition 218 assessment proceedings are scheduled to be completed by December 2013.

Revenue/Financing Plan

Redevelopment Agency/Tax Increment Financing

The County has prepared a preliminary feasibility study regarding the creation of a Redevelopment Agency for communities County-wide. The purpose of the analysis is to estimate additional property taxes that may result from increases in property values after a wastewater project is complete. On July 17, 2007, the Board of Supervisors approved a project strategy to consider redevelopment urgency funding and/or tax increment funding to help pay project costs. The study indicated approximately \$10.9 million would be available for the community of Los Osos. This funding could be used to continue funding any program initiated through other grant funds. Tasks necessary to create a Redevelopment Agency are:

- Retaining the services of a consulting firm with redevelopment expertise;
- Having the Board of Supervisors adopt a Survey Area Resolution; and
- Having the County Planning Commission select the project areas.

These actions formally start the legal process and identify the area to be considered for inclusion. State law requires extensive public and local agency review and consultation, as well as preparation of an environmental impact report before a final redevelopment plan can be adopted. This process generally takes about a year to complete and could easily take longer.

Evaluation of the creation of a Redevelopment Agency for Los Osos as part of the overall financing plan is ongoing and will be completed in parallel with other, related tasks in this work plan.

Special Tax for Community-Wide Benefits

The County has identified a community-wide special tax initiative as a potential funding strategy to equitably distribute costs associated with water supply benefits to water users within the groundwater basin. The current situation in the community allows for the collection of revenue to fund water supply benefits from the following two sub-sets of the community:

- Wastewater project users/customers
- Urban water purveyor users/customers

The County has secured all the necessary revenue required for the wastewater project, including revenue for project components that will benefit the basin water supply, such as water conservation and recycling. The water purveyors will identify the infrastructure and costs of improvements needed to implement the groundwater basin management plan to ensure a sustainable water supply.

To the extent that the overall groundwater basin is benefitted by specific improvements, a special tax can be proposed that would incrementally lower the costs for wastewater and urban water users by spreading those costs to require suburban users, who are not urban water and wastewater customers, to participate in their share of the costs for water supply benefits. The result would be a reduction in costs to wastewater and urban water users, addressing both affordability and equity concerns in the community.

Evaluation of a special tax initiative as part of the overall financing plan is ongoing and will be completed in parallel with other, related tasks in this work plan.

Task 3B Deliverables:

Undeveloped Property Assessments	December 2013
Revenue/Financing Plan	December 2013

Task 3C: Environmental Planning

Habitat Management Plan

The final approved Coastal Development Permit includes a condition to prepare a Habitat Management Plan for selected areas of the project. The plan will provide for restoration and enhancement to self-sustaining levels the 80-acre Broderon property, portions of the Giacomazzi (treatment plant) site, the Mid-Town site, and several pump station sites. Each restoration site shall be placed under a deed restriction, and will be monitored and maintained by the County. The Habitat Management Plan is scheduled to be approved by the Coastal Commission by August 2011.

Habitat Conservation Plan

The community of Los Osos supports habitat for at least one federally listed endangered species, Banded Dune Snail. A second species, Morro Bay kangaroo rat, although listed as endangered, may actually be extinct. Development of the proposed wastewater project does not require the preparation of a Habitat Conservation Plan (HCP) because Federal endangered species act requirements will be met through the Section 7 process, which does not require the preparation of an HCP. However, vacant properties within the wastewater service area (approximately 10% of the total number of parcels) will not be covered by the Section 7 process.

To address the habitat protection and endangered species permitting needs in the community, the HCP process was initiated in 2001. A public review draft HCP was released in 2005. Recently, the HCP process was reinitiated. A consultant has been selected to prepare the HCP and initiated work with a draft HCP expected in January 2012. Public review and subsequent revisions are schedule to take one year. The final draft HCP for agency review is scheduled for January 2013 with agency review and revisions also scheduled for one year. Following agency review, final revisions will be incorporated and a complete HCP is anticipated in July 2014. These efforts are funded by outside grant funds and the County General Fund and not included in the project budget.

When the HCP is complete, it will allow the development of vacant properties in the community, and will mitigate those impacts by providing funds to both complete and manage the community “greenbelt” which surrounds Los Osos on the west, south, and east (the Morro Bay estuary borders the community on the north. The two key relationships between the wastewater project and the HCP are 1) the HCP will allow the last 10% of the properties served by the wastewater project to develop and 2) the wastewater project will mitigate its endangered species habitat impacts by adding land to the greenbelt, which itself is approximately 80% complete.

The HCP is scheduled to be completed by July, 2014.

Task 3C Deliverables:

Habitat Management Plan	August 2011
Habitat Conservation Plan	July 2014

Task 3D: Environmental Documentation

The Los Osos Wastewater project has completed all environmental documentation required under the California Environmental Quality Act and the National Environmental Policy Act. See Task 3 of Completed Work.

Through development of the EIR, Coastal Development Permit, NEPA Environmental Assessment/Finding of No Significant Impact, and USFWS Biological Opinion, over 140 mitigation measures have been imposed on the project. The County will ensure that the conditions are satisfied and reported to the appropriate regulatory agency before, during, and after construction.

Task 3E: Design

The design of project facilities is planned to be completed in concurrent efforts for each of the major engineering components: collection system, treatment system, and disposal/reuse system. Preliminary project facilities are shown on the project description map included as Figure 3.2.1 above. Each of these designs will be according to civil and mechanical engineering industry best practices with national standards used for materials, piping, equipment, and general construction specifications. Construction documents and contracts will include Section 7

Caltrans State Standard Specifications and the requirements of the State labor code for Public Works projects in accordance with the Labor Compliance Plan. Design standards from several industry groups will be used, including the following

- American Water Works Association (AWWA);
- ASTM International (ASTM);
- American National Standards Institution (ANSI);
- American Society of Mechanical Engineers (ASME);
- American Society for Nondestructive Testing (ASNT);
- American Welding Society (AWS); and
- Steel Pipe Fabricators Association (SPFA).

The list of organizations above is a sample of those which have established industry standards that will apply to the wastewater project. Many other applicable design standards exist and will be specified as appropriate. Additionally, local, State, and Federal codes and regulations will be applied to ensure public health and safety.

Collection System

A Request for Proposal (RFP) for engineering design services for the collection system and recycled water distribution system was released in December 2010, with a design firm to be selected in April 2011. The scope of services includes modifications and design updates to the LOCSO 2005 collection system design to make the necessary changes related to the relocated treatment facility and mitigations in the Coastal Development Permit conditions.

The collection system contracts will be divided into several separate bid packages and contracts, consistent with the LOCSO approach. The multiple contracts should increase the competitiveness of the bidding and allow for some phasing of the design. The majority of the gravity collection design requires minimal changes and can be completed in a relatively short time frame, based on the 100% construction documents prepared by the LOCSO. Pump stations, force mains, and recycled water mains that require additional design work, will be included in a separate contract to be released for bid several months after the gravity collection portion.

The overall design of the collection system packages will be completed between August and December 2011.

Recycled Water Distribution System

The project description in the approved Coastal Development Permit includes 100% beneficial reuse of the treated effluent within the limits of the Los Osos groundwater basin. The following methods are allowed for beneficial reuse:

- Broderson Percolation Leach Field: 448 AFY (annual average)
- Bayridge Estates Percolation Leach Field: 33 AFY
- Urban Reuse at schools, parks, golf course, cemetery
- Agricultural Reuse in areas over the groundwater basin (permit condition requires at least 10% of total flow)

Design of the recycled water distribution system is included in the design services for the collection system and the design firm will be selected in April 2011. Pipeline alignments are parallel to the collection system lines throughout the community and most of the system alignments were previously designed by the LOCSO. Turn-outs to urban and agricultural irrigation users will be included in the design, including standard details for future turn-outs as irrigation users are added to the system. The design will address applicable regulatory requirements including Regional Water Board waste discharge requirements and State Department of Health Services reuse and recharge regulations.

The design of the recycled water distribution system will be completed by December 2011 together with the collection system design.

Treatment Facility Design-Build Process

The Coastal Development Permit approved construction of a wastewater treatment plant at a location known as the Giacomazzi site. The Giacomazzi site is a rectangular 38.2 acre parcel located 2 miles east of the community just north of Los Osos Valley Road and west of Clark Valley Road. The plant will be designed 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 designed to meet total nitrogen limits of 7 mg/L.
- Tertiary filter process 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

The treatment facility design-build process is continuing, with a Request for Proposals (RFP) being developed by late 2011. The design-build contracting process includes prequalification and proposal phases in accordance with Design Build Institute of America (DBIA) and State Revolving Fund (SRF) guidelines. An independent review panel will be established to review design-build proposals and provide an independent selection of the “best value” proposal. The County also prequalified design-build teams prior to the RFP. The State Water Board will conduct review and approval oversight at several key steps in the process as a condition of their SRF funding.

The design-build RFP will be issued to those design-build teams which prequalified in the Request for Qualifications step. The RFP will explain the project objectives and design intent, including technology requirements, site constraints, performance requirements, permit requirements and include a preliminary design at a 20% level.

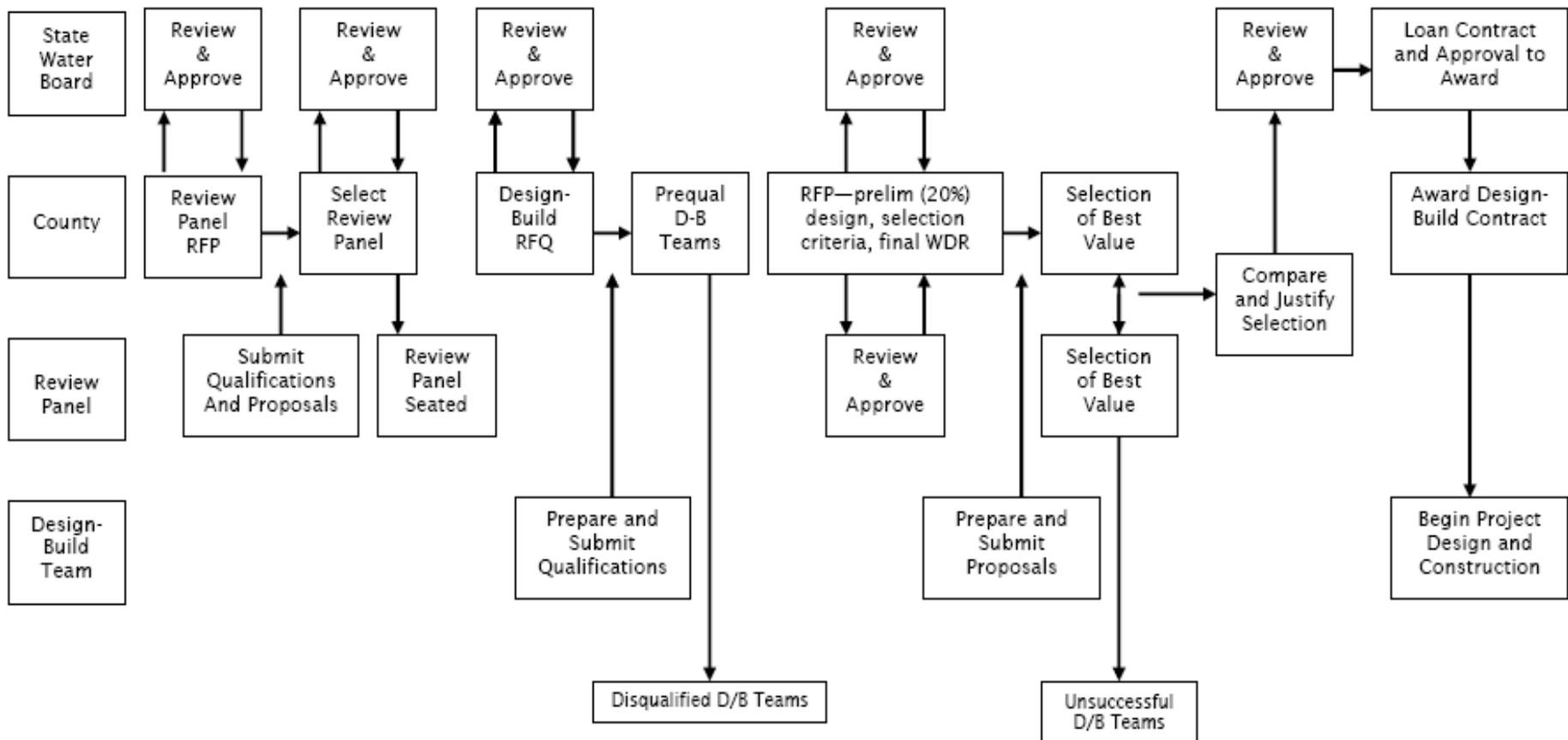
The selection of a “best value” proposal will be based on qualitative and quantitative factors. The County and the independent review panel will use the design-build selection model to qualitatively evaluate design solutions, project development approach, and schedule based on project requirements. Quantitative evaluation through the selection model will be based on a life-cycle cost analysis that considers the proposed bid price and estimated operations and maintenance costs.

The overall design-build process will follow the flowchart below. The design-build RFP process is scheduled to be completed by December 2011, with design and construction continuing through 2014 under a design-build contract.

Task 3E Deliverables:

Collection System Design - Gravity Collectors and Force Mains	August 2011
Collection System Design - Pump Stations	November 2011
Recycled Water Distribution Design	November 2011
Treatment Facility Design-Build Proposals	November 2011
Treatment Facility Design	September 2012

SRF Loan Design-Build Process Review



Task 4: Construction/Implementation (Budget Category d)

Contractor Outreach and Pre-Qualification

Contractor outreach is necessary to ensure that an acceptable number of qualified bidders are prepared to respond to the bidding process. Initial outreach, prior to the release of the collection system bid documents, will be made with informal contacts through industry councils and associations to ensure that potential bidders are aware of the upcoming project, are informed of the project goals, and are aware of the County’s financial and contracting history. Outreach will be in compliance with applicable State public contracting code.

Pre-qualification of bidders is necessary to ensure that bidders are experienced with public agency contracts and do not have a history of contract and labor violations. The pre-qualification process will also help verify that an acceptable number of bidders are prepared to respond. The pre-qualification process will be conducted in compliance with CA Public Contracting Code Section 20101. Contractor outreach is ongoing and the pre-qualification process is scheduled to be completed by August 2011.

Bid Advertise/Award – Collection System and Recycled Water Distribution System

A contract advertisement and competitive bidding process will be utilized for the construction of the collection system and recycled water distribution system, with multiple bid packages. The bid packages will be divided by collection zone, based on the previous LOCSD design. This process will follow State public contracting code with the construction contract awarded to the lowest responsible bidder. Bid advertise and award for the collection system contracts is scheduled to be completed in phases, between September and December 2011.

Collection System

Collection system construction is expected to begin in late 2011 under multiple construction contracts, divided by collection zone and between pipeline and pump station work. The construction contracts will include mobilization, approximately 45 miles of gravity pipelines and force mains, service laterals to 4800 connections, nine major pump stations, thirteen “pocket pump stations,” a 2.5 mile raw wastewater conveyance main from the service area to the treatment facility, pavement restoration, appurtenances, and start-up/commissioning. Additional details of the gravity pipelines, force mains and pump station are included in the table below. Construction oversight and contract administration will be provided by a consulting construction management firm, see Task 6 below. Construction is expected to take approximately 36 months and be completed in late 2014.

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, remote location
West Paso Triplex	3 rd & Paso Robles Ave.	1,900	60	Yes, remote location
Lupine	Lupine &	1,000	30	Yes

Triplex	Donna			
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)

Recycled Water Distribution System

The recycled water distribution system will be included in the collection system contracts and construction is expected to begin in January 2012. The construction contracts will include mobilization, leach fields, monitoring wells, recycled water mains, turn-outs, appurtenances, and start-up/commissioning to complete a recycled water program that will provide 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

Construction oversight and contract administration will be provided by a consulting construction management firm, see Task 6 below. Construction is expected to take approximately 30 months and be completed in late 2014.

Treatment Facility

Treatment facility construction is expected to begin in June 2012. Utilization of design-build contracting will allow for an early start of the construction phase, compared with a design-bid-build contracting process. Advertisement of plans and specification for construction bids, which typically takes several months after the completion of the design phase, will be avoided since the contractor will be selected as part of the design-build proposal. It is expected that design and construction can be phased so site preparation and grading can begin before the final design of facilities and appurtenances is completed. The design-build contracts will include all design services such as survey, geotechnical, seismic, grading and facilities design. Construction services will include mobilization, secondary treatment, tertiary filtration, disinfection, storage ponds, solids processing, and start-up/commissioning. The completed treatment facility will have a capacity of 1.2 MGD and will include the following:

- Headworks and bar screens covered for odor control
- Extended aeration secondary treatment process (oxidation ditch assumed) 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

Construction is expected to take approximately 24 months and be completed in late 2014.

Deliverables:

Contractor Outreach	Ongoing
Contractor Pre-Qualification	August 2011
Collection and Distribution Systems Advertise/Award	October 2011
Begin Collection System Construction	October 2011
Complete Collection System Construction	November 2014
Begin Recycled Water Distribution System Construction	January 2012
Complete Recycled Water Distribution System Construction	November 2014
Begin Treatment Facility Construction	June 2012
Complete Treatment Facility Construction	November 2014

Task 5: Environmental Compliance/Mitigation/Enhancement (Budget Category e)

The Los Osos Wastewater project has completed the following permits and approvals (as described in Task 5 of the Completed Work section) and no additional permits are required:

- California Coastal Act
- Federal Endangered Species Act
- Federal Clean Water Act
- CA Fish and Game Code
- CA Water Code
- California Environmental Quality Act
- National Environmental Policy Act

Through development of the EIR, Coastal Development Permit, NEPA Environmental Assessment/Finding of No Significant Impact, and USFWS Biological Opinion, over 140 mitigation measures have been imposed on the project. The County will ensure that the conditions are satisfied and reported to the appropriate regulatory agency before, during, and after construction.

Task 6: Construction Administration (Budget Category f)

The County will maintain oversight of all construction activities and develop an inspection and construction management process that ensures quality assurance and quality control. The construction management services will be completed for, and under the direction of, the county. The scope of work will include the following:

- Design constructability review
- Resident engineer services
- Management of multiple construction contracts
- Inspection
- Surveying
- Materials testing
- Contract administration
- Labor compliance administration
- GIS based project records services
- Public outreach program

- Monthly construction progress reports

The Construction Manager will also be responsible for reviewing the contractor's payroll submittals for labor compliance as required in the State Standard Specifications and Labor Compliance Program.

Qualified engineering and construction management consultant firms will be selected through competitive RFP processes prior to the completion of the design for both the collection system and treatment facility. Separate RFP processes are planned for the collection and treatment components of the project due to the different size and scope of each project.

Deliverables:

Construction Management Services RFP
Monthly construction progress reports

July 2011
Ongoing during construction

Project Number 3. Flood Control Zone 1/1A Waterway Management Program, 1st Year Vegetation and Sediment Management

The County has made significant progress on the Waterway Management Program as demonstrated in the Completed Work section. As the program receives funding, the County will implement the project through the following tasks:

- Task 1: Project Administration
- Task 2: Land Acquisition
- Task 3: Planning/Design/Engineering/Environmental Documentation
- Task 4: Construction/Implementation
- Task 5: Environmental Compliance/Mitigation/Enhancement
- Task 6: Construction Management

The project and funding status by task is summarized in the table below.

Task	In Progress	Complete by 6/1/11	Funding Requested
Task 1 Project Administration	Yes	No	No
Task 2 Land Acquisition	No	No	Yes
Task 3: Planning/Design/Engineering/Environmental	Yes	No	Yes
Task 4 Construction/Implementation	No	No	Yes
Task 5 Environmental Compliance/Mitigation/Enhancement	Yes	No	Yes
Task 6 Construction Management	No	No	Yes

The following are task descriptions:

Task 1: Project Administration (Budget Category a)

Task 1a: Project Management

The purpose of this task is to keep the project scope, budget and schedule on track, and to communicate project progress with sponsoring agencies, stakeholders (Zone 1/1A Advisory Group, Water Resources Advisory Committee), and the various divisions of the Public Works Department involved with project delivery. This task includes execution and management of all consultant contracts. San Luis Obispo County Public Works Department has and will continue to be responsible for the daily management of the project under this task. Work under this task includes preparation of invoices, agreements, and county overhead expenses associated with project implementation. Grant funding is not being requested for this work.

The Project Administration task is an on-going task. Project status updates are prepared on a bi-monthly basis in response to the various stake holders and their meeting schedules. Status updates to the Public Works Department are provided on an as needed basis. As milestones are met, the project manager documents and notifies sponsoring agencies, stakeholders and the various divisions of the Public Works Department.

In support of the IRWM Implementation Grant administration, quarterly project reports will be provided to the County that describes the progress and accomplishments for the quarter and is in accordance with the Project Performance Monitoring Plan. An assessment of the project schedule and budget, and updated schedules and budgets, if appropriate, will also be included. Following project close-out, the County will prepare a Final Project Completion Report summarizing the project implementation, demonstrating completion of all task items, and documenting the project costs and grant distributions. The Final Report will be submitted within 90 days of project completion (including environmental mitigation and compliance work). The quarterly reports and final reports shall be prepared consistent with State grant guidelines.

Task 1b: Labor Compliance Program

The County has an existing Labor Compliance Program consistent with subdivision (b) of Labor Code Section 1771.5. This task involves the work needed to demonstrate compliance with state labor laws. The County of San Luis Obispo will ensure compliance with state labor codes in three ways:

- The county will submit to the State a letter with associated exhibits documenting compliance with relevant Labor Code requirements.
- The construction contract special provisions will state that adherence to Caltrans State Standard Specifications is required. Section 7 of the State Standard Specifications addresses the requirements of the State labor code for Public Works projects.
- The Construction Manager reviews the contractor’s payroll submittals for labor compliance as required in the State Standard Specifications.

Grant funding is not being requested for this work. No work on this task will occur until award of grant funding for the project.

Task 1c: Project Performance Monitoring Plan (PPMP)

The Project Performance and Monitoring Plan (PPMP) will be prepared at the initiation of implementation to outline how the project performance will be assessed and evaluated. The PPMP will lay out an evaluation and assessment process based on the San Luis Obispo County Integrated Proposal goals and outcomes.

There are three project goals that the completed project will be evaluated against to determine the projects performance.

Goal #1 - Increase the existing flood carrying capacity of the channel to provide 5-year flood protection for District Zone 1/1A residents and agriculture.

Goal #2 - Protect biological resources, enhance and protect riparian habitats and habitats supporting sensitive plant or animal species.

Goal #3 - Improve function of flood control facilities and reduce the need for future maintenance.

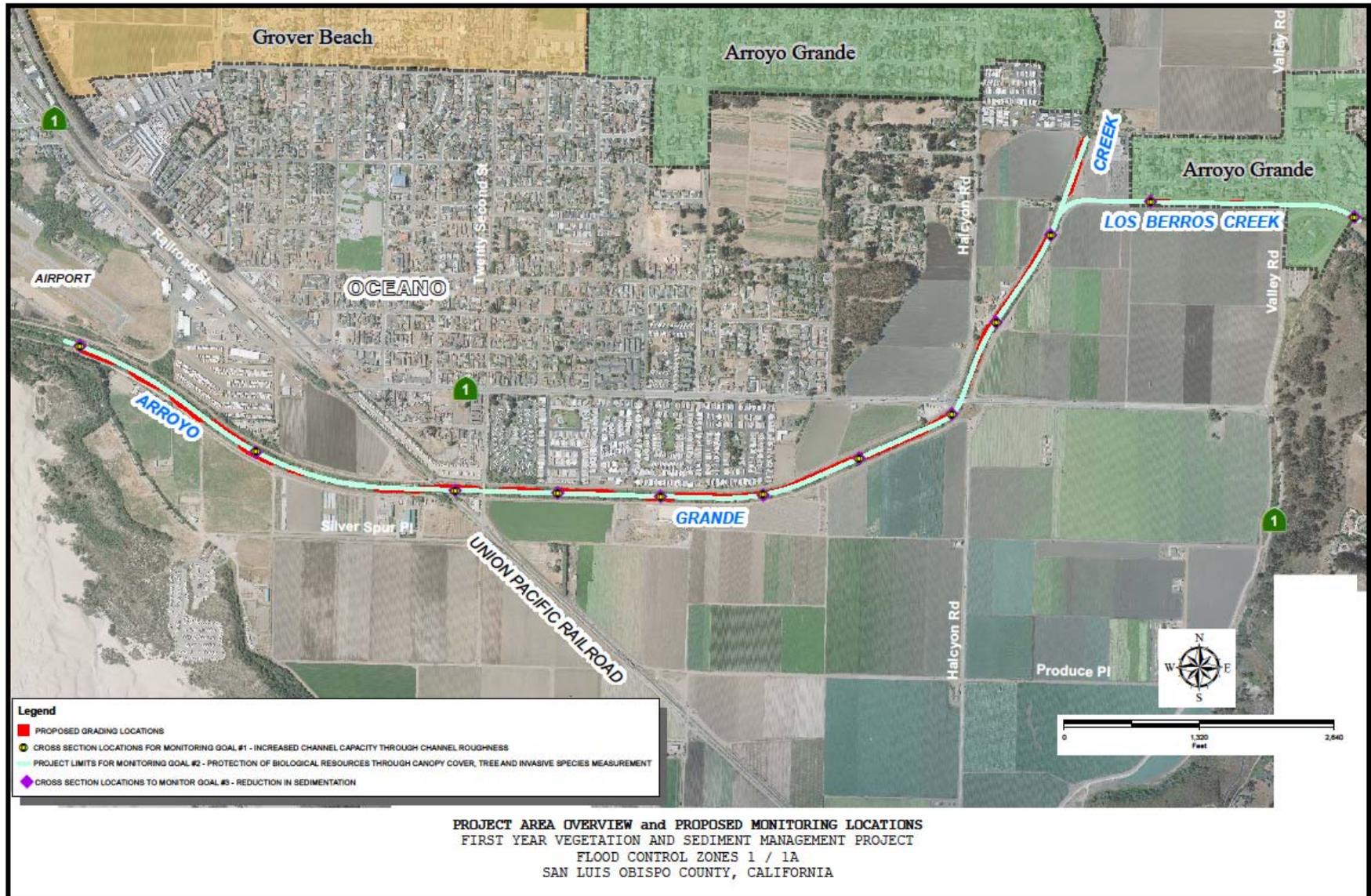
Performance will be measured through comparison of pre-project baseline surveys of the creek channel and riparian areas with post construction surveys as shown in Figure 3.3.3. More details of the proposed measurement tools and methods can be found in Attachment 6.

The PPMP is scheduled to be completed in November 2011.

Deliverables:

Bi-Monthly Project Baseline Schedule and Updates	On going
Bi-Monthly Project Budget and Updates	On going
Quarterly Reports	Ongoing
Labor Compliance Documentation	October 2012
Project Performance Monitoring Plan	November 2011
Grant Project Completion Report	September 2013

Figure 3.3.3 Project Area and Proposed Monitoring Locations



Task 2: Land Acquisition (Budget Category b)

This task involves the purchase of approximately 10 acres of temporary construction easements to implement the project. The flood control channel is within an existing 200 foot wide permanent easement. Temporary construction easements will be necessary to implement the project which involves vegetation and sediment management to increase flood protection. Temporary easements will be necessary for stockpiling of removed vegetation and sediment until such time as it is removed from the project area as well as staging areas for equipment and labor. Additionally, temporary construction easements will be necessary to achieve efficient access routes on and off the levee which will save expenses in the haul time to and from the disposal sites. The number of easements required will be determined in conjunction with final design plans. County staff will have to complete appraisals, easement documents and property owner correspondence after final easement requirements are verified. Grant funding is being requested for this task.

Current Status: Surveying to determine the channel easement boundaries has occurred in preparation of exhibits necessary to obtain construction easements. No further work on this task is expected to be completed by grant award date.

Deliverables:

Easement Agreements, Exhibits and Appraisals	November 2011
Temporary Construction Easements	December 2011

Task 3: Planning/Design/Engineering/Environmental Documentation (Budget Category c)

Planning for this task included the work needed to establish project design criteria and details. The Waterway Management Program and the project proposed are the end result of a detailed alternatives study that was completed in 2006 by Swanson Hydrology and Geomorphology and a preliminary geotechnical evaluation that was completed in April of 2009. No further technical assessments or studies are required for the 1st year vegetation and sediment management project. See the Work Completed section for additional planning details.

An Environmental Impact Report was completed and certified on November 2, 2010 for the Waterway Management Program and the projects that comprise the WMP. See the Work Completed section for additional planning details.

Only Design remains to be completed under Task 3 30% design is completed as described in the Completed Work section of this attachment. This task involves preparing 100 % design plans to be used for contract bidding, award, and construction of the 1st year vegetation and sediment management project. The work needed to produce 100% design level plans for the first year vegetation management and first year sediment removal project are listed below. Grant funding is being requested for this task.

- Topographic survey to update existing creek channel cross sections for areas appropriate for sediment removal, installation of log structures and to determine quantities of sediment to be removed. The topographic survey will also be used to determine staging areas, access and construction easements.
- Update existing hydraulic model to reflect current conditions.
- Mapping of wetlands
- Development of dewatering plan

Deliverables:

Topographic Survey	September 2011
Hydraulic Model	September 2011
Mapping of Wetlands	September 2011
Dewatering Plan	September 2011
Bid ready final design plans	January 2012

Task 4: Construction/Implementation (Budget Category d)

The construction window for the 1st year vegetation and sediment management construction may be limited by environmental agency permits (CDFG, ACOE). Due to the known presence of three endangered species, vegetation management ideally would be conducted after August 15th and before October 15th to avoid nesting birds, capitalize on the seasonal low water levels in the creek, and minimize the potential presence of other endangered aquatic species such as the steelhead and California red-legged frog.

Task 4a Construction Contracting

This task includes the work needed to advertise, bid and award the construction contract. The County has a policy memorandum (AD-15 see Exhibit 3E) which details the County's process in bringing the 100 % design plans through advertising, bidding and award of contracts.

Proposed bidding schedule – After receiving approval from the Board of Supervisors to advertise in March 2012, bids for this project will be solicited with bid opening in April 2012. Award of contract will occur in May 2012. Insurance and contract details will be finalized prior to the Notice to Proceed which is scheduled for June 2012. Construction contracts will include Section 7 Caltrans State Standard Specifications and the requirements of the State labor code for Public Works projects in accordance with the Labor Compliance Plan.

Grant funding is being requested for this task. No work has or will be done on this task until final design plans are completed and grant funding is awarded

Task 4b: Construction

First Year Vegetation Management

This task includes performing the initial in-channel vegetation work necessary to achieve the desired cross sectional area roughness of 0.04 to increase channel capacity. This would entail establishing a 10 foot buffer on each side of the low flow channel in Arroyo Grande Creek and a 5 foot buffer on each side of the low flow channel in the Los Berros Channel; removal of woody vegetation and trees outside the buffer areas and within the areas to be secondary low flow channels; invasive species removal; planting of trees to begin creation of a continuous riparian corridor and canopy along the low flow channel as well as increase riparian diversity. All work would be done in accordance with any environmental permits obtained as described in Task 5. This work will increase the existing capacity of the creek by an estimated 69% and increase flood protection from a 2.8 year event with freeboard to a 4.1 year event with freeboard. Construction will be completed in four months from the Notice to Proceed and construction within the creek channel will be completed by October 15th in compliance with the anticipated permit conditions. Grant funding is requested for this task.

Work and deliverables associated with construction reporting and documentation are included in Task 6 Construction Management. No work on this task has been completed or will be completed prior to the grant award. Currently annual minimal vegetation thinning and invasive removal is done under a restricted California Department of Fish and Game permit.

First Year Sediment Removal

This task includes the work necessary to remove accumulated sediment in the channel outside of the riparian buffer areas to establish secondary overflow channels and installation of natural log structures to set the flood control channel to an initial condition that will improve sediment transport and enhance the aquatic habitat by creating riffles and pools. It is estimated that approximately 21,000 cubic yards of sediment will be removed. This is based on cross sections taken in 2008. Cross sections will be updated as part of the 100% design plan effort described in Task 3 to obtain more accurate quantities. Work would begin with clearing and grubbing of the channel (approximately 13 acres). Sediment removed from the channel would then be hauled away and disposed of in accordance with County regulations. This task also includes sediment removal under three roadway bridges and a railroad bridge. This work in conjunction with the above 1st year vegetation management will increase the existing capacity of the creek by an estimated 92% and provide flood protection from a 4.6 year event with freeboard. Construction will be completed in four months from the Notice to Proceed and construction within the creek channel

will be completed by October 15th in compliance with the anticipated permit conditions. Grant funding is requested for this task.

Work and deliverables associated with construction reporting and documentation are included in Task 6 Construction Management. No work on this task has been completed or will be completed prior to the grant award.

Deliverables:

Board of Supervisors approval to begin Advertisement	March 2012
Bid Opening	April 2012
Award of contract	May 2012
Notice to Proceed	June 2012

Task 5: Environmental Compliance/Mitigation/Enhancement (Budget Category e)

The environmental compliance work is associated with permitting and environmental monitoring, mitigation and enhancements required before, during and after implementation of the project. Requirements to be met are those outlined in the adopted Waterway Management Program, EIR and permits, including conducting pre-construction surveys due to the potential presence of nesting birds and other endangered aquatic species such as the steelhead and California red-legged frog. See Exhibit 3A, pg 39 Table 3 and Exhibit 3C pgs ES-1 through ES-28 for summary tables of known monitoring, mitigation and enhancements required as part of the EIR and WMP.

The permitting work involves obtaining all necessary local, state, and federal permits for the project. The project involves thinning and removal of vegetation and sediment within the Arroyo Grande Creek Channel. As a result it falls within the jurisdiction of several state and federal agencies. The following is a list of required permits for the project that will need to be obtained prior to implementation of the project.

- California Coastal Development Permit
- Army Corps of Engineers
- Regional Water Quality Control Board 404 Permit
- California Department of Fish and Game 1601 Permit

Because the Waterway Management Program is an adaptive, self-mitigating program for managing the creek channel, The County is looking to obtain long term permits that allows the continued maintenance of the channel on a yearly basis after the initial 1st year vegetation and sediment removal project. The 1st year project will establish the vision the County has for the creek in terms of the enhanced riparian corridor, creation of overflow channels, and improvements to sediment transport. The construction window for the 1st year vegetation and sediment management construction may be limited by environmental agency permits (CDFG, ACOE). Due to the known presence of three endangered species vegetation management ideally would be conducted after August 15th and before October 15th to avoid nesting birds and capitalize on the seasonal low water levels in the creek to minimize the potential presence of other endangered aquatic species such as the steelhead and California red-legged frog. Grant funding is not being requested for this task.

Permitting for the project began in November 2010 before the grant award date with final permits anticipated for December 2011.

Deliverables:

California Coastal Development Permit	December 2011
Army Corps of Engineers	December 2011
Regional Water Quality Control Board 404 Permit	December 2011
California Department of Fish and Game 1601 Permit	December 2011
Final Environmental Monitoring Report	June 2013

No work on this task has been completed or will be completed prior to the grant award. Grant funding is being requested for this task.

Task 6: Construction Management (Budget Category f)

Construction Management will occur for the duration of the construction period. The County of San Luis Obispo will be responsible for development, negotiation and securing all contracts, including construction contractors, construction managers, and environmental monitoring consultants. There are two main components of this task, including:

- **Construction Management** – The County Public Works Department will provide construction manager(s) and will be responsible for:
 - Providing assistance during the bid period;
 - Provide on-site representation for the County;
 - Perform quality assurance and control practices on the work performed; and
 - Analyze and provide recommendations on contractor claims.
 - Maintain construction contract budget, approve contractor pay requests, construction documentation.
 - Oversees environmental mitigation implementation.

- **Engineering Services During Construction (ESDC)** – Engineering services will be contracted with the design engineering firm. The engineer will be responsible for:
 - Performing submittal review;
 - Responding to contractor requests for information;
 - Issuing clarifications;
 - Recommending change orders to the owner; and
 - Creating as-built records for the project based on construction documentation.

The Construction Manager will also be responsible for reviewing the contractor’s payroll submittals for labor compliance as required in the State Standard Specifications and Labor Compliance Program.

No work has or will be started until grant funding award. Construction management is not required until the bidding period of the construction phase of the work. Grant funding is requested for this task.

Deliverables:

Monthly Construction Progress Reports	Ongoing
ESDC Documentation	Ongoing
Notice of Completion	November 2012
As Built Drawings	November 2012

Project Number 4. Nipomo Waterline Intertie Project

The Nipomo Community Services District (NCS D) is the lead agency for the implementation of the Waterline Intertie Project. All of the major tasks have been completed through 90% design as described in the Completed Work section. The NCS D is currently completing design and permitting of the project. The NCS D will implement and complete the project through the following tasks:

- Task 1: Project Administration
- Task 2: Land Acquisition
- *Task 3: Planning/Design/Engineering/Environmental Documentation (Completed by June 30, 2011)*
- Task 4: Construction/Implementation
- Task 5: Environmental Compliance/Mitigation/Enhancement
- Task 6: Construction Management

The project and funding status by task is summarized in the table below.

Task	In Progress	Complete by 6/1/11	Funding Requested
Task 1 Project Administration	Yes	No	No
Task 2 Land Acquisition	Yes	No	No
Task 3: Planning/Design/Engineering/Environmental	Yes	Yes	No
Task 4 Construction/Implementation	No	No	Yes
Task 5 Environmental Compliance/Mitigation/Enhancement	Yes	No	No
Task 6 Construction Management	Yes	No	Yes

Task 1: Project Administration (Budget Category a)

Task 1a Project Management

The purpose of this task is to keep the project budget and schedule on track, communicate project progress with partner water purveyors and execute and manage all consultant contracts. As the lead agency for implementation of the Waterline Intertie Project, the NCS D has and will continue to be responsible for the daily management of the project. The baseline schedule and schedule updates are prepared and reported to the NCS D Board of Directors on a monthly basis. The design and engineering services during bidding consultant contracts have been executed. The construction management and engineering services during construction consultant contracts are scheduled for award at the time of award of the construction contract.

In support of the IRWM Implementation Grant administration, quarterly project reports will be provided to the County that describes the progress and accomplishments for the quarter and is in accordance with the Project Performance Monitoring Plan. A letter of intent to enter into an MOU with the County that is in accordance with the grant agreement is attached as Exhibit 4S. An assessment of the project schedule and budget, and updated schedules and budgets, if appropriate, will also be included. Following project close-out, the NCS D will prepare a Final Project Completion Report summarizing the project implementation, demonstrating completion of all task items, and documenting the project costs and grant distributions. The Final Report will be submitted within 90 days of project completion (including environmental mitigation and compliance work). The quarterly reports and final reports shall be prepared consistent with State grant guidelines.

Task 1b Labor Compliance Program

The NCS D has an existing Labor Compliance Program consistent with subdivision (b) of Labor Code Section 1771.5. This task involves the work needed to demonstrate compliance with state labor laws. The NCS D will ensure compliance with state labor codes in three ways:

- The NCSD will submit to the State a letter with associated exhibits documenting compliance with relevant Labor Code requirements.
- The construction contract special provisions will state that adherence to Caltrans State Standard Specifications is required. Section 7 of the State Standard Specifications addresses the requirements of the State labor code for Public Works projects.
- The Construction Manager will review the contractor’s payroll submittals for labor compliance as required in the State Standard Specifications.

Task 1c Project Performance Monitoring Plan

The NMMA Technical Group has established a monitoring program that has been approved by the Court that forms the basis for subsequent analyses of the basin to be included in annual reports for the NMMA. The Court approved monitoring program will verify the project performance. The monitoring parameters include groundwater elevations measured in wells, water quality measured in wells, precipitation, streamflow, surface water usage, surface water quality, land use to the extent differential uses impact the NMMA water budget, measured groundwater pumping, estimated groundwater pumping and wastewater discharge and reuse.

Performance of the Nipomo Waterline Intertie Project will be monitored within the existing Court approved NMMA Monitoring Program. The 2009 NMMA Annual Report is included as Exhibit 4J, and Appendices A and E contain maps of monitoring locations. The groundwater monitoring map is included as Figure 3.4.5. Evaluating changes in groundwater levels following implementation of the project will require collection and analyses of monitoring information including groundwater elevation, groundwater production, and other related data. The most direct performance measures would be the increase in groundwater levels within the NMMA and reduction in the quantity of groundwater pumped as measured at the NCSD’s existing production wells.

NCSD will submit a copy of the established monitoring program. Additional detail regarding the established monitoring program can be found in Attachment 6 Monitoring, Assessment, and Performance Measures.

Deliverables:

Monthly Project Baseline Schedule and Updates	On going
Monthly Project Budget and Updates	On going
Labor Compliance Documentation	September 2011
NCSD MOU with County	October 2011
Quarterly Reports	Ongoing
Project Performance Monitoring Plan	July 2011
Final Report	May 2013

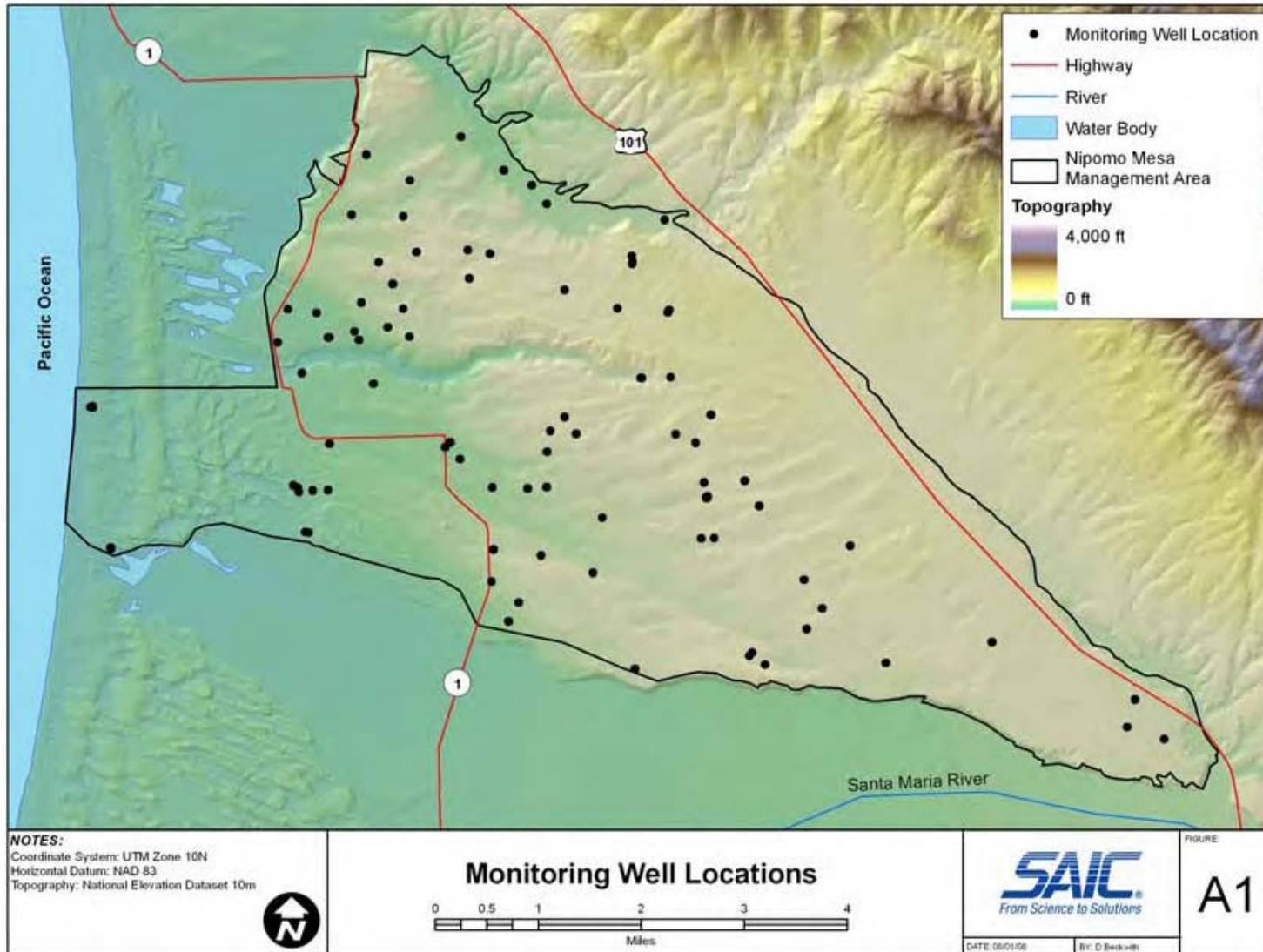
Task 2: Land Acquisition (Budget Category b)

NCSD is acquiring one parcel as well as both temporary construction easements and permanent easements across 11 parcels for the WIP. Permanent easements will total approximately 8.2 acres of land. The NCSD’s design engineer has prepared easement descriptions and a public lot map as part of the design effort. The NCSD’s right-of-way acquisition consultant is working closely with land owners to obtain the temporary and permanent easements on the 11 parcels needed for the project. NCSD has obtained right-of-entry agreements for design activities on all 11 parcels. The land acquisition task will be completed by August 2011.

Deliverables:

Fee Title (one parcel)	August 2011
Temporary and Permanent Easements	August 2011

Figure 3.4.5: NMMA Groundwater Monitoring Locations



Task 3: Planning/Design/Engineering/Environmental Documentation (Budget Category c)

After entering into the 2005 Stipulation, several additional studies were prepared by NCSO in order to further evaluate alternatives to the Waterline Intertie Project as described in the Completed Work section. The design status of the four bid packages is as follows:

- Bid Package 1 – Santa Maria River Crossing – 60% - Completion tied to contract prequalification (Exhibit 4M)
- Bid Package 2 – Nipomo Area Pipelines – Draft Final Design Complete (Exhibit 4N)
- Bid Package 3 – Blosser Road Waterline, Meter, and Flow Control Station – Final Design Complete (Exhibit 4O)
- Bid Package 4 – Joshua Street Pump Station and Reservoir – 90% Design Complete (Exhibit 4P)

The final design will be completed prior to grant contracting in June 2011 and, therefore, is not included as a task in the Work Plan.

NCSO has explored various alternatives for financing the construction of the Waterline Intertie Project as described in the Completed Work section. An assessment district that includes the participation of all water companies was the selected alternative. NCSO and San Luis Obispo County have executed an agreement for the formation of the assessment district to finance the Waterline Intertie Project (Exhibit 4Q). Subject to land owner approval through the appropriate Proposition 218 assessment process, the County will form an assessment district to fund the project and NCSO, along with its partner purveyors, will fund all of the County’s costs related to the formation of the assessment district. The majority of the Proposition 218 assessment activities will be completed by June 1, 2011 as described in the Completed Work section. The activities that will occur after June 1, 2011 are:

- County Board resolution authorizing the bond sale;
- 30-day cash collection period; and
- Tax roll submittal.

If any Proposition 84 funding is awarded for construction of the project, annual assessments for NCSO property owners will be reduced accordingly. Operations and maintenance costs will be funded through user rates and charges.

The Project Final EIR has been certified by the NCSO, also described in the Completed Work section. The Waterline Intertie Project Environmental Impact Report (Douglas Wood and Associates, Inc., April 22, 2009 - Exhibit 4K) has been certified by the NCSO as lead agency and the City of Santa Maria as a responsible agency (as described in the Completed Work section).

The NMMA Technical Group has established a groundwater monitoring program that has been approved by the Court that forms the basis for subsequent analyses of the basin to be included in annual reports for the NMMA. The Court approved monitoring program will verify the project performance. The monitoring parameters include groundwater elevations measured in wells, water quality measured in wells, precipitation, streamflow, surface water usage, surface water quality, land use to the extent differential uses impact the NMMA water budget, measured groundwater pumping, estimated groundwater pumping and wastewater discharge and reuse. The plan satisfies groundwater management planning requirements.

Deliverables:

Resolution Authorizing Bond Sale	June 2011
Cash Collection	July 2011
Tax Roll Submittal	July 2011

Task 4: Construction/Implementation (Budget Category d)

Construction contracts will include Section 7 Caltrans State Standard Specifications and the requirements of the State labor code for Public Works projects in accordance with the Labor Compliance Plan. Legal services under this task will include review of final bid documents language, review of contracts and agreements, and construction claims. Legal services are provided by an attorney who is kept under contract by NCSO to perform services as requested.

Task 4a Bid Package 1 – Santa Maria River Crossing

Utilization of design-build contracting, as compared with a design-bid-build contracting process, will allow for pre-qualification of contractors for this critical portion of the project. Contractor outreach is necessary to ensure that an acceptable number of qualified bidders are prepared to respond to the Request for Qualifications/Proposal process for Bid Package 1 – Santa Maria River Crossing. Initial outreach, prior to the release of an RFQ, will be made with informal contacts through industry councils and associations. Outreach will be in compliance with applicable State public contracting code. NCSO will contact industry associations to ensure that potential bidders are aware of the upcoming project, are informed of the project goals, and are aware of the NCSO's financial and contracting history. NCSO and consultant engineering staff will be available to answer industry questions and receive feedback on the project development.

The contractor prequalification process is scheduled to begin March 2011 and award of the construction contract is scheduled for August 2011. Construction is anticipated to take approximately 6 months to complete and will be scheduled to comply with the April 15 to October 15 construction window permitted by the California Department of Fish and Game. The work involves mobilization of contractor equipment and resources to the jobsite, installation of pipe by the horizontal directional drilling (HDD) method under the Santa Maria River, site restoration, pressure testing and disinfection of the new waterline, and demobilization.

The major work task involves the installation of 2,600 feet of 30-inch outside diameter, 24-inch inside diameter fusion-welded high-density polyethylene (HDPE) pipe under the Santa Maria River at a maximum depth of approximately 110 feet underneath the riverbed using the horizontal directional drilling method (HDD). HDD is typically a three-stage construction method with the first stage consisting of a pilot hole excavation, the second stage consisting of reaming the hole to the required size and the third stage consisting of pulling the pipe into the stabilized hole.

A pilot hole is drilled beginning at a prescribed angle from horizontal on one side of the river and continues under and across the river along a design profile made up of straight tangents and long radius arcs. Concurrent to drilling the pilot hole, the contractor may elect to run a larger diameter "wash pipe" that will encase the pilot drill string. The wash pipe acts as a casing providing rigidity to the smaller diameter pilot hole. Directional control is brought about by a small bend in the drill string just behind the cutting head. The drill path is monitored by an electronic device housed in the pilot drill string near the cutting head with data transmitted back to the surface.

Once the pilot hole is completed from one side of the river to the other side, the hole must be enlarged to a suitable diameter for the pipeline. This is accomplished by reaming the hole to successively larger diameters. Generally, the reamer is attached to the drill string on the bank opposite the drilling rig and pulled back through the pilot hole.

Once the drilled hole is enlarged, the pipeline can be pulled through it. The pipeline is prefabricated on the surface. A reamer is attached to the drill pipe and then connected to the pipeline pullhead via a swivel in order to prevent any rotation of the pipeline thereby allowing for a smooth pull into the drilled hole. The drilling rig then begins the pullback operation, rotating the reamer and pulling on the drill string until the reamer and pipeline break ground at the opposite side of the river.

Task 4b Bid Package 2 – Nipomo Area Pipelines

A contract advertisement and competitive bidding process will be utilized for the construction of the Bid Package 2. This process will follow State public contracting code. The construction contract will be awarded to the lowest responsible bidder.

Bid advertising and award for the Bid Package 2 is scheduled to be completed by July 2011. Construction is anticipated to take approximately eight months to complete.

Bid Package 2 work involves mobilization of contractor equipment and resources to the jobsite, installation of 12-inch diameter waterline, installation of pressure reducing valve stations, roadway restoration, pressure testing and disinfection of the new waterline, and demobilization.

The major Bid Package 2 work task involves the installation of 16,000 lineal feet of 12-inch waterlines to deliver water to the NCSO water system's back-bone transmission mains in order to protect smaller existing waterlines and users from high pressures. The dedicated mains will connect to the existing system at Orchard Road and Grande Street, Frontage Road and Grande Street, and South Oakglen Avenue and Tefft Street.

These dedicated mains will be in five areas:

1. Along Orchard Road, from Southland Street to Grande Street;
2. Along Southland Street, from Orchard Road to Frontage Road;
3. Along Frontage Road from Southland Street to Grande Street;
4. From Grande Street, northeast underneath Highway 101 to Darby Lane, continuing on Darby Lane to South Oakglen Avenue; and
5. Along South Oakglen Avenue from Darby Lane to Tefft Street.

The other major Bid Package 2 work task involves the installation of pressure-reducing-valve (PRV) stations to protect downstream users from high pressures required for the supplemental water delivery. Four PRV stations will be installed in various locations within the existing NCSO water system. Three stations will be placed strategically to create a separate pressure zone in the southwest region of the NCSO's system (on Grande Street, on Orchard Road, and on Oakglen Avenue). The fourth PRV station will be installed on Southland Street between the dedicated main and an existing waterline to allow high flows into the new pressure zone during an emergency (low pressure) situation.

Task 4c Bid Package 3 – Blosser Road Waterline, Meter and Flow Control Station

A contract advertisement and competitive bidding process will be utilized for the construction of the Bid Package 3. This process will follow State public contracting code. The construction contract will be awarded to the lowest responsible bidder.

Bid advertising and award for the Bid Package 3 is scheduled to be completed by August 2011. Construction is anticipated to take approximately seven months to complete.

Bid Package 3 work involves mobilization of contractor equipment and resources to the jobsite, installation of 18-inch diameter waterline, installation of a flow meter and flow control valve, roadway restoration, pressure testing and disinfection of the new waterline, and demobilization.

The major Bid Package 3 work task involves the installation of 4,800 lineal feet of 18-inch waterline from the north end of the City of Santa Maria water distribution system at the intersection of Blosser Road and West Taylor Street north along Blosser Road to Atlantic Place to connect to the 24-inch waterline, installed in Bid Package 1, that will cross underneath the Santa Maria River. The work also includes a flow meter to measure the quantity of water delivered for billing purposes and a flow control station that will regulate the delivery flow rate.

Task 4d Bid Package 4 – Joshua Street Pump Station and Reservoir

A contract advertisement and competitive bidding process will be utilized for the construction of the Bid Package 4. This process will follow State public contracting code. The construction contract will be awarded to the lowest responsible bidder.

Bid advertising/award for the Bid Package 4 is scheduled to be completed by August 2011. Construction is anticipated to take 15 months to complete.

Bid Package 4 work involves mobilization of contractor equipment and resources to the jobsite, construction of a water tank, installation of 24-inch diameter waterline, installation of a booster pump station, conversion of four existing NCSD wells from chlorination to chloramination disinfection, site restoration, pressure testing and disinfection of the new facilities, and demobilization.

Bid Package 4 includes multiple major work tasks including construction of a 500,000 gallon partially buried pre-stressed concrete reservoir, installation of 1700 feet of 24-inch diameter waterline to connect the pump station to the existing 12-inch diameter waterline in Santa Maria Vista, construction of a four pump, 2000 gallon per minute booster pump station and related facilities, and installation of chloramination equipment at the District’s Sundale, Eureka, Via Concha and Blacklake #4 wells.

System start up and testing will begin immediately following the completion of Bid Package 4 and will take approximately 2 months to complete.

Deliverables:

Bid Package 1 Award	August 2011
Bid Package 1 Notice to Proceed	September 2011
Bid Package 1 Construction	April – October 2012
Bid Package 2 Award	August 2011
Bid Package 2 Notice to Proceed	August 2011
Bid Package 2 Construction	August 2011 – March 2012
Bid Package 3 Award	August 2011
Bid Package 3 Notice to Proceed	August 2011
Bid Package 3 Construction	August 2011 – February 2012
Bid Package 4 Award	August 2011
Bid Package 4 Notice to Proceed	August 2011
Bid Package 4 Construction	August 2011 – November 2012

Task 5: Environmental Compliance/Mitigation/Enhancement (Budget Category e)

The permitting task is currently on-going and is summarized below:

Permitting Agency	Permit	Status	Issue Date
CalTrans	Encroachment	Received	7/1/2010
CalTrans	Encroachment	Contractor to apply	After Bid Award
SLO County	Encroachment	Contractor to apply	After Bid Award
City of Santa Maria	Encroachment	Contractor to apply	After Bid Award
CA Fish & Game	Streambed Alteration Agreement	Negotiating conditions	Prior to bid phase
ACOE	404 & other permits	Received exemption	3/25/2010
DOSH (OSHA)	Tunnel Classification	Received	3/22/2010 & 3/30/2010
DOSH (OSHA)	Excavations > 5 ft	Contractor to apply	After Bid Award
DOSH (OSHA)	Safety Rep. Tunneling Certification	Contractor to apply	After Bid Award
SLO APCD	Auth. to Construct/Permit to Operate	NCSD to apply	At Bid Phase
SLO APCD	Naturally Occuring Asbestos	Received exemption	11/2/2009
RWOCB	Notice of Intent to Discharge	NCSD to file	At Bid Phase
RWOCB	SWPPP	Contractor to complete	After Bid Award
CDPH	Water Supply Permit Amendment	NCSD to file	Min. 4 mo. prior to startup

As shown in the table, all permits, with the exception of the contractor permits and the Water Supply Permit Amendment, will be obtained prior to June 2011.

Environmental specialists will be contracted to provide Environmental Compliance during Construction as part of the Construction Management Contract to ensure that construction is being implemented in compliance with all mitigation measures stipulated in the environmental documentation and permits. Environmental Compliance during Construction will include:

- Training for contractors and field inspectors
- Environmental inspections per environmental documentation and permit requirements
- Monthly documentation of inspections

Deliverables:

Contractor Permits	After Bid Award (August 2011)
Water Supply Permit Amendment	July 2012
Environmental Inspection Reports	Monthly during Construction

Task 6 – Construction Management (Budget Category f)

Task 6a Construction Management

A Construction Management consultant will provide construction management services during construction of the WIP. Construction management services will include:

- Assistance during the bid period
- Preparation of a construction management procedures manual specific to the WIP
- Coordination between the contractor, design engineer and NCSD
- Environmental compliance (Task 5)
- Documentation of the project's construction
- Claims analysis services
- Quality control services
- Preparation of monthly construction progress reports
- Preparing a final report summarizing project construction activities

The Construction Manager will also be responsible for reviewing the contractor's payroll submittals for labor compliance as required in the State Standard Specifications and Labor Compliance Program.

Task 6b Engineering Services During Construction

The Design Engineer will provide Engineering Services during Construction of the WIP. The engineering services during construction of the WIP include:

- Responding to Requests for Information
- Responding to Contractor Submittals
- Preparation of As-Built Construction Drawings

Deliverables:

ESDC Documentation	Ongoing
Award of Construction Management Contract	August 2011
Award of Engineering Services During Construction Contract	August 2011
Construction Management Procedures Manual	September 2011
Monthly Construction Progress Reports	Monthly during Construction
As-Built Construction Drawings	December 2012
Final Report	February 2013