

Pursuant to Governor Newsom's Executive Order N-29-20, members of the Board of Directors, staff and public may participate in this meeting via teleconference and/or electronically. The Oceano Community Services District Boardroom will NOT be open for accessing the meeting.



**Notice of Regular Meeting**  
**Oceano Community Services District - Board of Directors Agenda**  
**WEDNESDAY, SEPTEMBER 9, 2020 – 6:00 P.M**  
**Location: TELECONFERENCE – SEE BELOW**

**HOW TO OBSERVE THE MEETING**

This meeting will be conducted using Zoom software, which requires a name/email to be entered prior to accessing the meeting. This is not a District requirement for participation. Public participants are welcome to use an anonymous name/email if preferred.

**Telephone:** Listen to the meeting live by dialing (669) 900-9128 or (253) 215-8782. Enter **Meeting ID# 892-6279-7188** followed by the pound (#) key. Then enter the **Password: 508435** followed by the pound (#) key. If the line is busy, additional phone numbers can be found on Zoom's website at <https://zoom.us/u/abb4GNs5xM>

**Computer:** With internet access use the **Password: 508435** to watch the live streaming at <https://us02web.zoom.us/j/89262797188?pwd=Q2lUeVc5THhnZk10TEtOUTItcXRiZz09> or by going to [zoom.us](https://zoom.us) and selecting "Join A Meeting" then entering the **Meeting ID# 892-6279-7188** followed by the **Password: 508435**

**Mobile:** Log in through the Zoom Mobile App on a smartphone or tablet and enter **Meeting ID#: 892-6279-7188** then enter the **Password: 508435**.

For information on Zoom's system requirements please visit: <https://support.zoom.us/hc/en-us/articles/201362023-System-Requirements-for-PC-Mac-and-Linux>

**HOW TO SUBMIT PUBLIC COMMENTS**

**Before the Meeting:** Please email your comments to [carey@oceanocsd.org](mailto:carey@oceanocsd.org) with "Public Comment" in the subject line. In your email please include the agenda item number and title and your comments. You may also provide public comment through the District website at: <https://oceanocsd.org/contact/>. All comments received before 12:00 p.m. the day of the meeting will be included as an agenda supplement on the District's website <https://oceanocsd.org/meeting-agendas-minutes/agenda-packets/> and provided to the Directors prior to the meeting. Comments received after the deadline, but prior to the meeting start time, will be attached to the minutes of the meeting.

**Live Comments:** During the meeting, the Board President or designee will announce the opportunity for public comment. Members of the public may utilize the "raise hand" feature in Zoom to be placed into the speaking queue. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit his/her remarks to a total of SIX (6) minutes. This time may be allocated between items in one-minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

**To "Raise Hand:"**

- **Telephone:** Prese " \* 9 " to raise your hand to notify meeting host and be placed in the queue. The host will unmute and call on you when it's your time to speak.
- **Computer/Mobile Device:** Click the "raise hand" button to notify meeting host and be placed in the queue. The host will unmute and call on you when it's your time to speak. If the "raise hand" button is not displayed on the screen please click the "participants" icon at the bottom of the screen and the "raise hand" button will appear.

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

1. CALL TO ORDER
2. ROLL CALL
3. FLAG SALUTE
4. AGENDA REVIEW
5. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

*This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

6. SPECIAL PRESENTATIONS & REPORTS:

A. STAFF REPORTS:

- i. Sheriff's South Station - Commander Michael Manuele
- ii. FCFA Operations - Chief Steve Lieberman
- iii. Operations – Utility System Manager Tony Marraccino
- iv. OCSD General Manager – Will Clemens

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Director Villa
- ii. Director Gibson
- iii. Vice President White
- iv. President Austin
- v. Director Repogle

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

*This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Agenda Item #6 – Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

7. CONSENT AGENDA ITEMS:

**Public comment** Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for Regular Meeting August 26, 2020
- B. Review of Cash Disbursements
- C. Submittal of the District's Public Facilities Fee Annual Report

8. BUSINESS ITEMS:

**Public comment** Members of the public wishing to speak on business items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Presentation and approval of a letter of support for the Active Transportation Program grant application for the Front Street Pedestrian Improvements Project
- B. Presentation on Adjusting Water System Service Charges
- C. Consideration of a Resolution to Transition from At-Large to District-Based Elections

9. HEARING ITEMS:

10. RECEIVED WRITTEN COMMUNICATIONS:

11. LATE RECEIVED WRITTEN COMMUNICATIONS:

12. FUTURE AGENDA ITEMS Cienaga Seabreeze Park, Inc. Continued, Deferred Infrastructure Program, Lopez Water Contract Amendments, Wastewater CIP, The Place, EIR State Parks PWP, Old Firehouse Art, California Voting Rights Act, Fireworks Ordinance, District Flag Policy/ Pride Month, Social Media Policy

**13. FUTURE HEARING ITEMS:** October 14, 2020 - Proposition 218 Ordinance Increasing and Adjusting Water System Service Charges

**14. CLOSED SESSION:**

**A. Pursuant to Government Code 54956.9(a):** Conference with legal counsel regarding Santa Maria Valley Water Conservation District v. City of Santa Maria, et al.,

**15. ADJOURNMENT:**

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This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at [www.oceanocsd.org](http://www.oceanocsd.org)

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**ASSISTANCE FOR THE DISABLED** If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.



**Oceano Community Services District**  
**Summary Minutes**  
**Regular Meeting Wednesday, August 26, 2020 – 6:00 P.M.**  
**Location: TELECONFERENCE**

1. **CALL TO ORDER:** at approximately 6:00 p.m. by President Austin
2. **ROLL CALL:** Board members present: President Austin, Vice President White, Director Gibson, Director Villa, and Director Replogle. Also present, General Manager Will Clemens, Legal Counsel Jeff Minney, Business and Accounting Manager, Carey Casciola and Account Administrator, Nicole Miller.
3. **FLAG SALUTE:** led by President Austin.
4. **AGENDA REVIEW:**  
A motion was made by Vice President White to remove item 8A from the agenda and be reviewed at a later date with a second from Director Replogle, 5-0 roll call vote. A motion was made by Vice President White to approve the agenda as modified with a second from Director Replogle, 5-0 vote.
5. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:**

Public comment was received from:

Lucia Casalnuovo	In support of district-based elections.
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6. **SPECIAL PRESENTATIONS & REPORTS:**  
**A. STAFF REPORTS:**

- i. **Sheriff's South Station** - Commander Michael Manuele reported on July 2020 stats for Nipomo and Oceano. A total of 2,533 calls for service with 610 reports in Oceano. The station generated 303 reports total of 75 in Oceano. Report breakdown: Assault & Battery = 17 calls for service, generating 6 reports (domestic violence and altercation). Disturbances = 67 calls for service, generating 4 reports. Burglary = 2 calls for service, generating 1 report. Theft = 9 calls for service, generating 4 reports (one was a stolen catalytic converter which is a regional problem by outside crew). Vandalism = 3 calls for service, generating 2 reports. Trespassing = 8 calls for service, generating 2 reports. Phone Scam = 1 call for service, 1 report. Suspicious circumstances = 23 calls for service generating 2 reports. 70 calls for service regarding fireworks which is double from 2019 and was anticipated. The Sheriff stations continue to work with local business to educate about COVID-19 guidelines and ensure compliance. As of 9/20/2020 Commander Jay Wells will be taking over for Commander Manuele at the South station.
- ii. **FCFA** - Chief Steve Lieberman reported on fires throughout California. 6 employees are currently out of service area. FCFA did a contract hire with CalFire - Engine 6661 (wild land) has been rented by CalFire and is at SLO Station 23. They have joined in fighting the fires in the Oceano Dunes and supported FCFA during the mobile home fire in Arroyo Grande. 1 employee is out on workers compensation and several employees are sick (non-COVID-19 related). One of the Oceano Dunes fires burned close to 11 acres.
- iii. **Operations** - Utility Systems Manager, Tony Marraccino - Lopez is at 46% (22,741 af). Continuing with daily rounds and weekly & monthly samples. 6 work orders. 12 USAs. 11 Customer Service calls. 1 after hours call out – small power outage at the OCSD water yard

due to thunder and lightning. Issues with chlorine residual in tanks due to heat – turning over tanks to chlorinate tanks. Additional flushing due to heat. EPA water testing (UCMR) continues. Removed 3 old non-operative light poles prior to ADA ramps and paving being installed. Focusing on sewer jetting for second half of the year. Continuing to paint fire hydrants and do trash pick-up following COVID-19 protocols. Doing more service repairs on sewer jetter due to age and use.

- iv. **OCS D General Manager** – Last Board meeting encountered an error with the audio of the 8/12/2020 meeting where it did not record, and the backup failed. The minutes will be transcribed onto SLO Span hosted by AGP. OCS D is now also recording meetings through Zoom as an additional backup. Expanded powers for General Manager have not been used except continuing to waive late fees when customers pay bills during the pandemic. The legal notices for Prop 218 have been mailed out to customers. Scheduled for an information meeting at our regular 9/9/2020 Board meeting. Established an informational page on the District website for the water rate increase information and includes a FAQ for customers. Legal Counsel will update on the CVRA (California Voting Rights Act) at the next board meeting after attending a seminar. South County Sanitary (garbage services) is experiencing COVID related staffing issues causing delays. Community clean-up days in certain areas are being impacted. It is important to note that in Oceano we have moved to a voucher program and this should not impact Oceano as much as other communities. Other delays may be encountered pending staffing levels.

**B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:**

- i. Director Villa – Reported on the Oceano Advisory Council (OAC) meeting.
- ii. Director Gibson – Reported on the State Water Subcontractors Advisory Committee meeting.
- iii. Vice President White – None
- iv. Director Repogle – None
- v. President Austin – None

**b. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:**

Public comment was received from:

Julie Tacker	In opposition of the process used for the support email sent to CCWA.
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<b>7 CONSENT AGENDA:</b>	<b>ACTION:</b>
<ul style="list-style-type: none"> <li>a. Review and Approval of Minutes for Regular Meeting August 12, 2020.</li> <li>b. Review of Cash Disbursements.</li> <li>c. Consideration of a letter of support on proposed legislation.</li> </ul>	<p>After an opportunity for public comment and Board discussion, staff recommendations were approved with a motion from Vice President White, and a second from Director Villa and a 5-0 roll call vote.</p> <p>No public comment</p>

<b>8A BUSINESS ITEM:</b>	<b>ACTION:</b>
Consideration of the District Social Media Policy.	Removed from agenda. See agenda item 4.

<b>8B BUSINESS ITEM:</b>	<b>ACTION:</b>
Review, discuss and authorize the General Manager to apply for the Integrated Waste Management Authority's Technical Assistance Grant Program and provide staff direction on pursuing funds for Water Refill Stations or Recycle Bins throughout Oceano.	After an opportunity for public comment and Board discussion, a motion was made Director Replogle to authorize the General Manager to apply for the Integrated Waste Management Authority's Technical Assistance Grant Program for Water Refill Stations and/or Recycle Bins throughout Oceano with a second from Director Gibson and a 5-0 roll call vote.  No public comment.

<b>9A HEARING ITEM:</b>	<b>ACTION:</b>
Consideration of a Recommendation to Approve the Final 2020/21 Budget.	After an opportunity for public comment and Board discussion, staff recommendations were approved as presented with a motion from Vice President White, and a second from Director Gibson and a 4-1 roll call vote. Direct Replogle dissented and made a request for the record to reflect that she voted no because with respect to fire and emergency services this funding plan disregards the will of the voters and is fiscally irresponsible deficit spending.  No public comment.

- 10. **RECEIVED WRITTEN COMMUNICATIONS:** None
- 11. **LATE RECEIVED WRITTEN COMMUNICATIONS:** None
- 12. **FUTURE AGENDA ITEMS:** Cienaga Seabreeze Park, Inc. Continued, Deferred Infrastructure Program, Lopez Water Contract Amendments, Wastewater CIP, The Place, EIR State Parks PWP, Old Firehouse Art, California Voting Rights Act, Fireworks Ordinance, District Flag Policy/ Pride Month, Social Media Policy / Live Stream Board Meetings
- 13. **FUTURE HEARING ITEMS:** Ordinance for a Water Rate Increase and Protest Hearing October 14, 2020
- 14. **CLOSED SESSION:** None
- 15. **ADJOURNMENT:** at approximately 7:30 pm



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

PHONE(805) 481-6730 FAX (805) 481-6836

**Date:** September 9, 2020

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** Agenda Item #7(B): Recommendation to Review Cash Disbursements

### Recommendation

It is recommended that your board review the attached cash disbursements:

### Discussion

The following is a summary of the attached cash disbursements:

Description	Check Sequence	Amounts
	58570 - 58594	
<b>Disbursements:</b>		
Regular Payable Register - paid 09/09/2020	58578 - 58594	\$ 12,039.90
Subtotal:		\$ 12,039.90
<b>Reoccurring Payments for Board Review (authorized by Resolution 2020-06):</b>		
Payroll Disbursements - PPE 08/29/2020	N/A	\$ 32,393.04
Reoccurring AP - paid 08/26/2020	58570 - 58572	\$ 5,059.02
Reoccurring Utility Disbursements - paid 08/26/2020	58573 - 58575	\$ 6,113.08
Reoccurring Health Disbursements - paid 08/26/2020	58576 - 58577	\$ 10,193.84
Subtotal:		\$ 53,758.98
Grand Total:		\$ 65,798.88

### Other Agency Involvement

N/A

### Other Financial Considerations

Amounts are within the authorized Fund level budgets.

### Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

9/3/2020 2:39 PM  
 COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 1  
 CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058578 THRU 058594

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
CHECK:	-----								
1-1001-000	9/03/2020	CHECK	058578	AQUA-METRIC	1,303.03CR	OUTSTND	A	0/00/0000	METERS
1-1001-000	9/03/2020	CHECK	058579	ARAMARK	207.88CR	OUTSTND	A	0/00/0000	UNIFORMS
1-1001-000	9/03/2020	CHECK	058580	BRENT SARKISON DBA CALTEC COMP	30.00CR	OUTSTND	A	0/00/0000	MONTHLY BACKUP & MONITOR SUPPORT
1-1001-000	9/03/2020	CHECK	058581	CARQUEST AUTO PARTS	276.15CR	OUTSTND	A	0/00/0000	EQUIPMENT MAINTENANCE
1-1001-000	9/03/2020	CHECK	058582	CLINICAL LAB OF SAN BERNARDINO	620.00CR	OUTSTND	A	0/00/0000	MONTHLY SAMPLES
1-1001-000	9/03/2020	CHECK	058583	CRWA	1,178.00CR	OUTSTND	A	0/00/0000	MEMBERSHIP DUES
1-1001-000	9/03/2020	CHECK	058584	EVERYWHERE RIGHT NOW, INC.	80.00CR	OUTSTND	A	0/00/0000	WEBSITE - WATER RATE INFO WEBPAGE
1-1001-000	9/03/2020	CHECK	058585	FAMCON PIPE & SUPPLY, INC.	724.09CR	OUTSTND	A	0/00/0000	INVENTORY
1-1001-000	9/03/2020	CHECK	058586	J.B. DEWAR, INC.	382.85CR	OUTSTND	A	0/00/0000	FUEL
1-1001-000	9/03/2020	CHECK	058587	KNECHT'S PLUMBING & HEATING, I	484.69CR	OUTSTND	A	0/00/0000	HVAC MAINTENANCE
1-1001-000	9/03/2020	CHECK	058588	MINER'S ACE HARDWARE, INC.	233.03CR	OUTSTND	A	0/00/0000	INVENTORY, HYDRANT MAINTENANCE
1-1001-000	9/03/2020	CHECK	058589	PETTY CASH	37.20CR	OUTSTND	A	0/00/0000	RETURN POSTAGE DUE - UB MAILING,
1-1001-000	9/03/2020	CHECK	058590	REPLOGLE, CYNTHIA	200.00CR	OUTSTND	A	0/00/0000	BOARD STIPEND
1-1001-000	9/03/2020	CHECK	058591	SWRCB/ DRINKING WATER OP CERT	90.00CR	OUTSTND	A	0/00/0000	EMP CERTIFICATION RENEWAL
1-1001-000	9/03/2020	CHECK	058592	TYLER TECHNOLOGIES	5,701.14CR	OUTSTND	A	0/00/0000	ANNUAL SOFTWARE MAINTENANCE
1-1001-000	9/03/2020	CHECK	058593	USA BLUEBOOK	291.84CR	OUTSTND	A	0/00/0000	SPILL & TESTING KIT
1-1001-000	9/03/2020	CHECK	058594	WHITE, KAREN M.	200.00CR	OUTSTND	A	0/00/0000	BOARD STIPEND
TOTALS FOR ACCOUNT 1-1001-0				CHECK TOTAL:	12,039.90CR				
				DEPOSIT TOTAL:	0.00				
				INTEREST TOTAL:	0.00				
				MISCELLANEOUS TOTAL:	0.00				
				SERVICE CHARGE TOTAL:	0.00				
				EFT TOTAL:	0.00				
				BANK-DRAFT TOTAL:	0.00				



COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058578 THRU 058594

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:			
				DEPOSIT	TOTAL:			12,039.90CR
				INTEREST	TOTAL:			0.00
				MISCELLANEOUS	TOTAL:			0.00
				SERVICE CHARGE	TOTAL:			0.00
				EFT	TOTAL:			0.00
				BANK-DRAFT	TOTAL:			0.00

**Payroll Summary Report**  
**Board of Directors - Agenda Date September 9, 2020**

	(*)	
<u>Gross Wages</u>	8/15/2020	8/29/2020
Regular	\$26,551.87	\$26,581.00
Overtime Wages	\$286.72	\$532.32
Stand By	\$450.00	\$600.00
	<u>\$27,288.59</u>	<u>\$27,713.32</u>
Cell Phone Allowance	\$0.00	\$75.00
Total Wages	<u>\$27,288.59</u>	<u>\$27,788.32</u>
<b><u>Disbursements</u></b>		
Net Wages	\$21,459.61	\$21,857.50
State and Federal Agencies	\$4,954.61	\$5,062.62
CalPERS - Normal	\$4,267.61	\$4,267.61
CalPERS - GASB 68 Reports	\$0.00	\$1,050.00
SEIU - Union Fees	<u>\$155.31</u>	<u>\$155.31</u>
Total Disbursements processed with Payroll	<u>\$30,837.14</u>	<u>\$32,393.04</u>
Health (Disbursed with reoccurring bills)	\$6,013.57	\$6,013.57
Total District Payroll Related Costs	<u>\$36,850.71</u>	<u>\$38,406.61</u>

(\*) Previously reported in prior Board Meeting packet - provided for comparison.

COMPANY: 99 - POOLED CASH FUND  
ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
TYPE: All  
STATUS: All  
FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
CLEAR DATE: 0/00/0000 THRU 99/99/9999  
STATEMENT: 0/00/0000 THRU 99/99/9999  
VOIDED DATE: 0/00/0000 THRU 99/99/9999  
AMOUNT: 0.00 THRU 999,999,999.99  
CHECK NUMBER: 058570 THRU 058572

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
<b>CHECK:</b>									
1-1001-000	8/26/2020	CHECK	058570	BURDINE PRINTING & GRAPHICS	2,458.68CR	OUTSTND	A	0/00/0000	<b>PROP 218 MAILING</b>
1-1001-000	8/26/2020	CHECK	058571	SOUTH COUNTY SANITARY SERV	1,600.34CR	OUTSTND	A	0/00/0000	<b>2019-20 TAX LIEN, GARBAGE</b>
1-1001-000	8/26/2020	CHECK	058572	VILLA, ALLENE	1,000.00CR	OUTSTND	A	0/00/0000	<b>BOARD STIPEND</b>
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	5,059.02CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	5,059.02CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 058573 THRU 058575

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
<b>CHECK:</b>									
1-1001-000	8/26/2020	CHECK	058573	COASTAL COPY, INC.	230.05CR	OUTSTND	A	0/00/0000	<b>COPIES, MAINTENANCE</b>
1-1001-000	8/26/2020	CHECK	058574	DE LAGE LANDEN FINANCIAL SERVI	150.15CR	OUTSTND	A	0/00/0000	<b>COPIER LEASE</b>
1-1001-000	8/26/2020	CHECK	058575	PACIFIC GAS & ELECTRIC	5,732.88CR	OUTSTND	A	0/00/0000	<b>UTILITY</b>
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	6,113.08CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	6,113.08CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	8/26/2020	CHECK	058576	BLUE SHIELD OF CALIFORNIA	8,831.78CR	OUTSTND	A	0/00/0000 EMPLOYEE INSURANCE
1-1001-000	8/26/2020	CHECK	058577	PRINCIPAL LIFE INSURANCE COMPA	1,362.06CR	OUTSTND	A	0/00/0000 EMPLOYEE INSURANCE
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	10,193.84CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	10,193.84CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** September 9, 2020

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** Agenda Item #7(C): Submittal of the District's Public Facilities Fee Annual Report

## Recommendation

It is recommended that your Board receive and file the District's Public Facilities Fee Report.

## Discussion

Government Code Section 66000 et seq. authorizes local agencies to collect fees from development projects to mitigate the impact of new development on public facilities. The District approved the Public Facilities Fee (PFF) agreement with the County on June 12, 2019 to help ensure that the actions of both agencies are coordinated to comply with statutory requirements. The agreement identifies specific requirements, one of which is the attached report. The District is to submit annual reports that show the District's progress toward performing its obligations, including public information pursuant to Government Code Section 66006.

## Other Agency Involvement

The County of San Luis Obispo

## Other Financial Considerations

The PFF's are held in a separate Bank account that is included in each of the District's Quarterly Treasurer Reports.

## Results

Reporting the purpose and uses of PFF's and their relationship to new development meets the requirements of the County agreement and state laws and helps promote a well governed and safe community.

Attachment A – Public Facilities Fee Annual Report

Oceano Community Services District  
Public Facilities Fee  
Annual Report

Annual Report - Public Facilities Fee

The purpose of this report is to provide information required in the District's Public Facilities Fee Annual Report. The fees are collected by the County from new development pursuant to an agreement with the District to help pay the proportionate cost of facilities and equipment that are needed due to the impacts from new development. The fees collected for the District are deposited into a bank account that is exclusively dedicated for the fees so that they are not comingled with other District funds. The most recent Public Facilities Report was dated September 11, 2019. The District's fees are used solely for facilities and equipment needed for fire and emergency services.

Description of the Type of Fee in the Account

The Amount of the Fee: \$0.902 per square foot of development.

Fee Accounting

The following table summarizes fee accounting and anticipated date of completing work on facilities or equipment included in the plan.

	Fiscal Year 2019/20	
Beginning Balance		\$262,950
Fees Collected		\$7,697
Interest Revenues		\$518
Expenditures:		
Permanent Housing	\$0	
Emergency Generator	\$93,921	
Type 1 Fire Engine	\$0	
Type IV Fire Engine	\$0	
Total Expenditures		\$93,921
Ending Balance		\$177,244

Other Information

The District did not have any interfund loans, fee refunds, or allocation of fees for other purposes.



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** September 9, 2020

**To:** Board of Directors

**From:** Will Clemens, General Manger

**Subject:** **Agenda Item #8(A):** Presentation and approval of a letter of support for the Active Transportation Program grant application for the Front Street Pedestrian Improvements Project (Project).

## Recommendation

It is recommended that the Board receive a presentation on and approve and authorize the President to sign the attached letter of support for the Active Transportation Program grant application for the Project.

## Discussion

Front St. (Highway 1) is an important arterial route through the community. The east side of Front St. is developed with a wide variety of mostly commercial uses. Six streets intersect this side of Front St. at three locations at 45-degree angles to Highway 1, causing pedestrians walking down Front St. to cross long distances at these intersections. This is an unsafe situation for pedestrians and motorists alike.

The Project Scope is to improve pedestrian mobility and safety on the east side of Front St. by closing three intersections, installing bulb outs at two intersections, and installing additional lighting.

The expected benefit is to improve pedestrian mobility and safety by reducing the length of street crossings, make two of the intersections align better with Front St., and improve pedestrian lighting. This will encourage more use by pedestrians and people with disabilities by making it safer and easier to travel.

## Other Agency Involvement

The County is submitting the grant application to the State and will implement the Project upon funding approval.

## Financial Considerations

This is a State funded project. Maintenance of the improvements will be mainly the responsibility of the County, however, certain aspects of the Project such as lighting and garbage collection that the District already provides would continue.





# Oceano Community Services District

Board of Directors Meeting

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## Results

Pursuing grant revenues and project development supports a well-governed, safe, and livable community.

Attachments:

- Letter of Support
- Project Map



## Oceano Community Services District

1655 Front Street | P.O. Box 599 | Oceano, CA 93475

PHONE (805) 481-6730 | FAX (805) 481-6836

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September 9, 2020

Genaro Diaz, P.E.  
Capital Projects Manager  
County Public Works Department  
976 Osos Street, Room 207  
San Luis Obispo, CA 93408

SUBJECT: COUNTY OF SAN LUIS OBISPO APPLICATION FOR ACTIVE TRANSPORTATION PROGRAM GRANT  
FOR FRONT STREET PEDESTRIAN IMPROVEMENTS PROJECT

Dear Mr. Diaz,

The Oceano Community Services District (OCSD) writes this letter of support for the Front Street Pedestrian Improvements Project (Project), submitted to the State for funding under the Active Transportation Program.

The OCSD represents the Disadvantaged Community (DAC) of Oceano. This letter is to confirm DAC representation and opportunity for involvement in the development and implementation of the proposed Project. The OCSD supports endeavors of the County of San Luis Obispo to implement the Oceano Revitalization Plan. We look forward to continued collaboration with the County on this Project. Our understanding is that the Project contains elements that fall under the services provided by OCSD to the community, including street lighting and solid-waste collection. A Project Memorandum of Understanding and Maintenance Agreement will need to be developed, including County funding for maintenance of the improvements, for respective Board adoption and approval. We look forward to working collaboratively with the County on the development of this agreement.

Please accept this letter as our endorsement of and commitment to participate in future outreach and implementation activities with the County for this Project.

Sincerely,

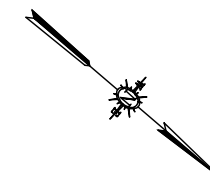
Linda Austin  
President

# FRONT STREET PEDESTRIAN IMPROVEMENTS PROJECT MAP, OCEANO CA.

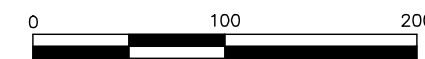


## LEGEND

- NEW OR UPDATED SIDEWALK IMPROVEMENTS PER ADA REQUIREMENTS
  - STATE RIGHT OF WAY
  - + PROPOSED NEW PEDESTRIAN SCALE LIGHTING
  - ⊕ RETROFIT EXISTING PEDESTRIAN SCALE LIGHTING
  - PROPOSED ADA COMPLIANT CURB RAMP LOCATION
- Agenda Item 8A



DATE: 08/07/2020  
CA JOB NO. 200521



1 INCH = 100 FEET





# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** September 9, 2020  
**To:** Board of Directors  
**From:** Will Clemens, General Manager  
**Subject:** Agenda Item #8(B): Presentation on Adjusting Water System Service Charges

## Recommendation

It is recommended that your Board receive and file a presentation on the water rate increase and provide opportunity for the public to ask questions.

## Discussion

The District's current water system revenues are insufficient to fund operations and maintenance, capital improvements, and minimum reserve levels. FY 20/21 budgeted revenues are nearly \$485,000 short in covering water system expenditures. If no rate increase process is performed, the drought rates in place will sunset in October 2020 and the Water Fund will run out of money this fiscal year. If a rate increase process is done and the current water rates are maintained, it is projected that the Water Fund would run out of money in FY 2021/22. Therefore, it is necessary to increase water rates at this time to cover necessary water system expenditures.

In October 2017 drought rates were partially reduced and the drought rates will sunset in October 2020. This will severely impact revenues if not addressed. The last non-inflationary rate increase process was done in 2015 to address revenue impacts from the drought and prior to that, rates were increased in 2011. As can be expected, increased water conservation continues, even after the drought ended, which also continues to impact system revenues. Water usage has not significantly increased after the drought ended as shown in the following table:

**Total Water Use in Acre Feet**

<u>Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	852	838	888	807	703	672	718	725	680

The successful water conservation efforts on the part of the community has resulted in system revenues falling short in total by over \$400,000 since the 2015 rate increase was implemented.



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## Expenditures

The 2015 rate increase was intended only to address revenue shortfalls related to the drought and certain operation and maintenance expenses. Documentation presented at that time indicated that the rate increase would not address other critical issues such as the Capital Improvement Program (CIP), staffing needs, and reserve policies.

In 2010, Tuckfield and Associates identified an annual expenditure need of \$186,000 for Capital and Long-term maintenance based on the Master Water Plan CIP. That funding need was deferred and never implemented. Since 2014, the District has spent almost \$800,000 on Capital projects. Grants have paid for \$127,000 of that amount and the rest has come from reserves. This has resulted in reserve balances dropping to near the minimum reserve levels needed to operate.

In 2019, grant funding was used to prepare an update to the CIP. This update identifies over \$4 million of water system improvements needed over the next ten years. These improvements should not be deferred any longer. Staff has included an annual expenditure target of \$150,000 to fund the CIP and is phased in over three fiscal years. This amount should be enough to complete the entire CIP with a combination of grant funded, pay-go and debt financed projects. Interest rates are at historic lows and should provide excellent funding terms as can be seen by comparing to the \$186,000 annual Capital estimate by Tuckfield in 2010.

Additionally, appropriate staffing needs were not included in the 2015 rate increase. Since 2015 there has been one additional utility system worker added to the field crew and one half time account administrator added to the office staff. The District has a total of 4 field staff and 4.5 office staff. The staffing costs are spread among several activities which include the Administration, Fire, Lighting, Facilities, Garbage, Water, and Wastewater funds. In 2018, the Board adopted a change in the allocation of administrative and indirect field crew costs among the various funds to be based on the actual labor costs charged by the field crews to each fund. This change resulted in a shift of costs from the Wastewater Fund to the Water Fund to more accurately reflect the cost of providing these services. The combination of these staffing and allocation changes has resulted in approximately \$280,000 in additional annual costs to the Water Fund since the 2015 rate increase.

The 2015 rate increase did not include any set aside for establishing reserves. Reserves can be established for many purposes including minimum/operating, emergency, capital, debt, contingencies, or rate stabilization reserves. Each type of reserve requires higher rates to establish reserve balances. Staff is not recommending increasing rates to establish any particular reserves other than setting rates so that minimum reserve balances never drop below three months of cash needs or 25% of annual expenses. While it would be advantageous to establish other reserve balances, this approach will minimize the amount of the rate increase needed currently.



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## **Rate Structure**

The current rate structure only includes two customer classes, Residential and Non-Residential. This has been justified due to the fact that this is a small water system with little variation in properties within the customer classes. Many agencies include a Single-family Residence and Multi-family Residence rate in their structures. This distinction recognizes the general difference in cost of service between these two types of properties. Multi-family residences would include apartment complexes and mobile home parks served by a master meter, duplex, triplex, etc. In general, Multi-family residences place less storage, peaking, and maintenance and infrastructure demands on the system compared to Single-family residences due to smaller square footages and occupancies and less outdoor watering demand. At the July 8, 2020 meeting, your Board directed that a Multi-family Residential customer class be created. The base rate for Multi-family Residential customers is set at 75% of the Single-family Residential rate to estimate this reduced system demand.

At the same time as the 2015 Rate increase was being developed, the Prop 218 court decision regarding tiered water rates in San Juan Capistrano was rendered. While not precluding an agency from having tiered rates, it was made more difficult as any tiers were now required to have a clear nexus to cost of service. This requires reducing the number of tiers for the District. Creating two tiers that are directly tied to the cost of Lopez and State water supplies is clearly a defensible approach. In addition, the provision of 6 Units of water in the Base Rate is being eliminated in order for the District's rate structure to be more defensible under Prop 218. At the July 8, 2020 meeting, your Board directed these changes to the water rate structure.

Revenues derived from the water rates and charges will not exceed the funds required to provide water service or be used for any other purpose. In addition, all customers within each customer class have the same rate structure to ensure rates will not exceed the proportional cost of providing water to each customer. These charges will not be imposed unless water service is actually used by, or immediately available to, the property.

## **Other Agency Involvement**

The District has water supply contracts with the San Luis Obispo Flood Control and Water Conservation District which provides water supply to Oceano from Lopez Reservoir and the State Water Project.

## **Other Financial Considerations**

The attached Water Rate Analysis establishes the revenue requirements for the five-year study period and the rate structure necessary to generate these revenue requirements. In order to ease the community into the necessary rates, your Board directed that a three-year phased rate increase approach be implemented. The Proposition 218 notice was mailed to all property owners and customers on August 14, 2020. The protest hearing is scheduled for an October 14, 2020 Public Hearing. The rate increase would become effective with the billing period which begins in November 2020.



# Oceano Community Services District

Board of Directors Meeting

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Utilizing District staff to complete the Water Rate Analysis and Proposition 218 process has resulted in savings of over \$35,000 in comparison to using a consultant. Most other agencies utilize consultants for these services. For example, the City of Grover Beach just engaged a consultant to prepare both the water and sewer rate study at a cost of \$76,000.

## Results

Evaluating long-term needs and developing a rate structure that will establish financial stability for the water system contributes to a safe, healthy, livable, prosperous, and well-governed community.

Attachment:

- 2020 Water Rate Analysis, July 2020

# Oceano Community Services District Water Rate Analysis

July 2020



July 2020

## Water Rate Analysis - Oceano Community Services District (OCSD)

### Purpose

The purpose of this report is to summarize the “Revenue Requirements” needed to fund the operations, maintenance, capital and other costs of the OCSD water system and to determine an increase in water rates needed to generate those revenues. It provides reasons for the proposed rate increase and the basis for the calculations used to develop the proposed rate increase, which include but are not limited to, the following:

- Reasons for the proposed rate increase include the following:
  - To generate revenues necessary to recover from the existing Water Fund revenue shortfall and to eliminate the current Water Fund deficit.
  - To provide sufficient funding to pay for the total costs of providing water service to the customers of OCSD.
  - To provide sufficient funding to maintain a minimum reserve balance of at least three months cash needs.
- The basis for calculations includes the following:
  - The current 2020-21 Water Fund budget and deficit.
  - A proforma projection of current water rates in covering system expenses and minimum reserve requirements.
  - A proforma projection of increased water rates in covering system expenses and minimum reserve requirements.

### Background

The OCSD was created in 1981 and provides potable water to the residential, commercial and public customers in the community. Oceano is located in the unincorporated area on the south coast of San Luis Obispo County, adjacent to the cities of Grover Beach and Arroyo Grande. The OCSD encompasses approximately 1,150 acres with elevations ranging from sea level to approximately 100 ft. The OCSD water enterprise serves approximately 2,200 connections with a population of approximately 7,700. The system consists of two water storage tanks, three active groundwater wells, and twenty-two miles of pipeline.

### Sources of Water Supply

The OCSD water supply includes the following three sources.

- 900 acre feet per year of groundwater supply is allocated to OCSD from the Northern Cities Management Area (NCMA) of the Santa Maria Valley

Groundwater Basin. The groundwater basin is managed based on stipulations resulting from adjudication of the basin. The NCMA is encouraging reductions in groundwater pumping due to concerns over groundwater levels.

- 303 acre feet per year of surface supply is allocated from Lopez Dam and Reservoir, which is owned and operated by the San Luis Obispo County Flood Control and Water Conservation District (Flood Control District). Actual deliveries can be increased when “surplus water” is available and they can be decreased during droughts and for other reasons that reduce the supply of available water.
- 750 acre feet per year of surface water supply is allocated from the State Water Project (SWP). The SWP is owned and operated by the State of California Department of Water Resources (DWR) and delivered based on contracts with the Flood Control District. DWR is delivering 20% of the statewide allocations in 2020. The Flood Control District has been able to provide supplies greater than the DWR allocation, but concerns exist over the reliability of the SWP and its ability to provide supplies on an annual basis.

In summary, each of the OCSD water supplies are not reliable on their own, but the entire portfolio is crucial and provides a very reliable water supply to meet the needs of the community.

**Current Rate Structure**

The current rate structure consists of three components: a bi-monthly base charge, a volume charge that is tiered, and a supplemental uniform volume charge for Lopez water applied to all usage. The current rates are reflected in the table below:

<b>Base Rate</b>	<b>Tier #2</b>	<b>Tier #3</b>	<b>Tier #4</b>	<b>Tier #5</b>
<b>Minimum bi-monthly charge (Up to 6 Units)</b>	7 to 12 Units	13 to 18 Units	19 to 24 Units	Over 24 Units
<b>Residential</b> \$53.56				
<b>Non-Residential</b>				
5/8 \$59.80				
¾ \$72.81				
1 \$111.40				
1½ \$201.21				
2 \$312.52				
3 \$497.30				
4 \$844.80				
6 \$1,317.12				
Plus	\$3.64 per Unit	\$4.03 per Unit	\$4.51 per Unit	\$4.74 per Unit
\$1.80 per Unit for Lopez	\$1.80 per Unit for Lopez	\$1.80 per Unit for Lopez	\$1.80 per Unit for Lopez	\$1.80 per Unit for Lopez
\$1.80 per Unit total	\$5.44 per Unit total	\$5.83 per Unit total	\$6.31 per Unit total	\$6.54 per Unit total

The current rate structure was established in 2015 during the drought emergency. Without further action, these rates will sunset in October 2020 and rates would revert to the rates in effect in 2015. This would have a devastating effect on revenues as consumption has not returned to pre-drought levels. If this were to occur, the Water Fund would run out of cash this fiscal year. The following chart shows annual consumption since 2011.

**Total Water Use in Acre Feet**

<u>Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	852	838	888	807	703	672	718	725	680

**Impacts from Declining Revenues**

**Attachment 1** to this report is a Pro Forma projection of the current rate structure. Several impacts have resulted from the water system revenue shortfall. It caused the OCSD to adopt a Water Fund budget in 2020-21 that included a deficit of \$484,784. The deficit is causing estimated financial reserves to decline from \$961,314 at June 30, 2020 down to \$476,530 at June 30, 2021.

Shortfalls in water system revenues also cause other revenues, such as connection fees and capacity charges collected from new development, to be used for annual expenditures rather than increasing financial reserves or paying for infrastructure improvements. Shortfalls impair the ability of OCSD to replace equipment. The shortfalls also impair the ability of OCSD to adequately maintain water wells, as evidenced by the mechanical failure of the pump in well #4 and the deferred rehabilitation of the pump motor in well #8. All capital outlay projects for the past ten years have either been grant funded or funded by reserves which are now close to the minimum acceptable level. In summary, shortfalls in water system revenues impair the ability of the OCSD to carry out its duties to the community in maintaining the water system.

In conclusion, existing revenues cannot sustain the level of expenditures needed to cover operational and other needs of the OCSD water system. Consequently, establishing the current and future Revenue Requirements is very important. This Water Rate Analysis recommends a phased increase in the rates to meet the Revenue Requirement for Fiscal Year 2020-21 through 2024-25. The base rate would be increased each year per the following schedule (13%, 10%, 10%, 3%, 3%). The variable rate to fund the pass-through costs of the wholesale water supply would be increased 13% the first year and then adjusted to recover the actual pass through costs each year thereafter.

**Revenue Requirements**

A review of the OCSD revenue requirements is a key step in the rate design process. The review includes an analysis of annual operating revenues under the current rates, operation and maintenance expenses, capital expenditures, transfers between funds, and reserve requirements. This section of the report provides a discussion on projected revenues, O&M, and capital expenditures, the capital improvement financing plan, and revenue adjustments required to ensure the fiscal sustainability of the Water Fund.

## Revenues from Current Rates

The current water rate structure consists of three components: a bi-monthly base rate (differentiated between residential and non-residential customers), a volume charge (which is tiered for all customers), and a supplemental water charge that is uniform for all units of water consumed. The projected revenues for the Water Fund derived from current rates are shown on line 21, columns D through H of **Attachment 1**.

## O&M, Source of Supply, and Capital Expenses

The Fiscal Year 2020-21 budget and an assumed inflation rate of 3% for the study period were used as the basis for projecting O&M costs shown on line 31, columns D through H of **Attachment 1**.

The Source of Supply costs are pass-through wholesale water costs billed directly by the Flood Control District annually for the wholesale costs of supplying Lopez water and State water as shown on lines 23 and 24, columns D through H of **Attachment 1**. Fiscal Year 2020-21 budget wholesale costs are projected for each year of the study period as future costs are unknown and decrease in some years and increase in others. Provisions of Government Code 53756 will be utilized to pass-through the actual wholesale costs of the Source of Supply.

The OCSD has a long-term capital improvement plan (CIP) which documents necessary projects over the next ten years. The CIP is attached as **Appendix A** to this report. The CIP will be funded through a combination of pay-as-you-go, grant, and debt financed projects. The rates needed to fund the CIP will be phased in over three fiscal years, beginning with \$40,000 in Fiscal Year 2020-21, \$75,000 in Fiscal Year 2021-22, and \$150,000 annually thereafter as shown on line 34, columns D through H of **Attachment 1**.

## Reserve Requirements

Currently, the OCSD has a reserve balance of \$961,314 in the Water Fund. This represents approximately 4 months of total expenses. The OCSD hereby establishes a minimum reserve target of 3 months of total expenses to meet cashflow requirements. This reserve requirement only ensures the working capital to support the operation, maintenance, and administration of the Water Fund. Establishing other reserves for emergencies, rate stabilization, capital, or other purposes are not being proposed at this time.

## Financial Pro Forma at Current Rates

A pro forma projection at current rates is presented in **Attachment 1**. The District's current water system revenues are insufficient to fund operations and maintenance, capital improvements, and minimum reserve levels. FY 2020-21 budgeted revenues are nearly \$485,000 short in covering water system expenditures. If no rate increase process is performed, the drought rates in place will sunset in October 2020 and the Water Fund will run out of money this fiscal year. If a rate increase process is done and the current water rates are maintained, it is projected that the Water Fund would run out of money in FY 2021-22 as indicated on row 40, column E. Therefore, it is necessary to increase water rates at this time to cover necessary water system expenditures.

## **Proposed Financial Plan**

A pro forma projection with the proposed rates is presented in **Attachment 2**. To ensure that the Water Fund will have adequate revenues to fund operating costs and capital expenditures, it is proposed that the OCSD adjust revenues by implementing a phased increase in the rates to meet the Revenue Requirement for Fiscal Year 2020-21 through 2024-25. The base rate would be increased each year per the following schedule (13%, 10%, 10%, 3%, 3%). The variable rate to fund the pass-through costs of the wholesale water supply would be increased 13% in the first year and then adjusted to recover the actual pass through costs each year thereafter. These proposed revenue adjustments would occur upon adoption of the rate ordinance and subsequent annual adjustments with each July billing period. The proposed revenue adjustments would enable the OCSD to fund O&M, complete the planned capital projects, and maintain reserves above the minimum reserve levels.

## **Rate Design**

Proposition 218 (California Constitution Article 13D) states that:

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the funds required to provide the property related service.
2. Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

Proposition 218 ensures that water rates cannot be “arbitrary and capricious”, meaning that the rate setting methodology must be sound and that there must be a nexus between costs and the rate charge. The OCSD ensures that all aspects of Proposition 218 are followed and that it creates rates that charge customers equitably. In order to keep up with the ever-changing legal requirements related to Proposition 218 and case law, the OCSD is making changes to its rate design to ensure compliance with Proposition 218. These include:

1. Elimination of 6 units of water within the bi-monthly base charge.
2. Reducing the number of tiers from 5 to 2.
3. Tying the cost of Tier 1 directly to the wholesale cost of the Lopez water supply.
4. Tying the cost of Tier 2 directly to the wholesale cost of the State water supply.
5. Creating a new residential customer class for Multi-family properties.

For this analysis, consumption and peaking characteristics of customers as well as water supplies of the OCSD were analyzed to appropriately allocate costs between customer classes. O&M expenses and Capital Expenditures are predominantly fixed costs and are the basis for the bi-monthly base charge. To reflect the differing maintenance, peaking, and storage demands of the customer classes, the bi-monthly base charge is allocated between Residential and Non-Residential customer classes. The Residential customer class is further allocated between Single-family (SFR) and Multi-family (MFR) which is 75% of the SFR rate. The Non-

Residential customer class is further allocated based on meter size by historical cost ratio allocation percentages.

The cost of the wholesale water supply for Lopez and State water is the basis for the consumption or volumetric charge. Tier 1 (0-6 CCF) is tied directly to the wholesale cost of the Lopez water supply. Tier 2 (above 6 CCF) is tied directly to the wholesale cost of the State water supply. These charges are applied equally to all customer classes.

**Water Rate Methodology**

The following table breaks down the customer classes by accounts, dwelling/non-residential units, and unit equivalents:

	<b>Accounts</b>	<b>Units</b>	<b>Unit Equivalents</b>
SFR	1,844	1,900	1,900
MFR	207	1,205	904
Non-Residential	148	160	160
<b>Total</b>	<b>2,199</b>	<b>3,265</b>	<b>2,964</b>

The following table shows the bi-monthly base charge calculation for each customer class:

		<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>
Residential Single Family Residence						
Bi-Monthly Base Cost		\$ 215,419	\$ 227,515	\$ 246,466	\$ 253,110	\$ 259,953
less non-rate revenue		(\$20,455)	(\$21,068)	(\$21,701)	(\$22,352)	(\$23,022)
Rate Funded Bi-Monthly Base Cost		\$ 194,965	\$ 206,447	\$ 224,765	\$ 230,758	\$ 236,931
Unit Equivalents		2,964	2,994	3,024	3,054	3,084
Bi-Monthly Base Cost per Unit		\$ 65.78	\$ 68.96	\$ 74.34	\$ 75.56	\$ 76.82
<b>Bi-Monthly Base Charge per Unit</b>		<b>\$ 60.52</b>	<b>\$ 66.57</b>	<b>\$ 73.23</b>	<b>\$ 75.43</b>	<b>\$ 77.69</b>
Reserve addition/reduction per Unit		(\$5.26)	(\$2.39)	(\$1.11)	(\$0.14)	\$0.87
Residential Multi Family Residence (75% of SFR)		\$45.39	\$49.93	\$54.92	\$56.57	\$58.27
Non-Residential Base Charge		Cost Ratio				
5/8	1.12	\$ 67.57	\$ 74.33	\$ 81.76	\$ 84.22	\$ 86.74
3/4	1.36	\$ 82.28	\$ 90.50	\$ 99.55	\$ 102.54	\$ 105.62
1	2.08	\$ 125.88	\$ 138.47	\$ 152.32	\$ 156.89	\$ 161.59
1-1/2	3.76	\$ 227.37	\$ 250.10	\$ 275.11	\$ 283.37	\$ 291.87
2	5.84	\$ 353.15	\$ 388.46	\$ 427.31	\$ 440.13	\$ 453.33
3	9.29	\$ 561.95	\$ 618.14	\$ 679.96	\$ 700.36	\$ 721.37
4	15.77	\$ 954.62	\$ 1,050.09	\$ 1,155.10	\$ 1,189.75	\$ 1,225.44
6	24.59	\$ 1,488.35	\$ 1,637.18	\$ 1,800.90	\$ 1,854.93	\$ 1,910.57

The Residential Single-family base charge is the basis for all calculations and is set below the cost of service as the rate increase is phased in over time. An annual increase of 1% in unit equivalents is assumed as the growth rate. The Multi-family base charge is 75% of the SFR charge and the Non-Residential base charge is set off the SFR charge using the cost ratios for each meter size. Meters that serve multiple residential units from a single meter are charged the Multi-family base charge for each unit. Meters that serve multiple non-residential units from a single meter are charged the non-residential base charge for each unit.

The following table shows the volumetric or consumption charge calculation for Lopez water (Tier 1) and State Water (Tier 2):

	<b>Tier 1 Lopez Water</b>	<b>Tier 2 State Water</b>
	(0-6 CCF)	(above 6 CCF)
Annual Cost	\$493,997	\$1,151,000
Usage in CCF (unit)	131,987	166,535
Cost per CCF (unit)	\$3.74	\$6.91
Phase In Reduction	(\$0.44)	(\$0.44)
FY 2020-21 Rate	\$3.30	\$6.47

OCSD has a water supply contract with the Flood Control District for 303 acre feet annually from Lopez reservoir. This equates to 131,987 CCF which is used every year. This allotment provides each customer with up to 6 CCF bi-monthly. OCSD also has a water supply contract with the Flood Control District for up to 750 acre feet annually from the State Water Project. The rate for State Water is determined by taking the annual cost of State Water and dividing it by the total annual water sales minus the Lopez water sales (131,987 CCF). This rate is then applied to all usage above 6 CCF. The proposed rates are set below the cost of service for FY 2020-21 in order to phase in the increase. In future years the rates will be set to recover the actual costs by dividing the annual wholesale costs by the annual usage in CCF for each water supply. These wholesale “pass-through” costs are allowed under State law as described in the section below.

Other charges are included in the table, below:

<b>Description</b>	<b>Charge</b>
Meter Testing Charge	\$150 per test Refunded if meter reads fast
Out of District Administrative Charge	\$9.62 per dwelling/non-residential unit
Hydrant Meter Charges	\$6.47 per unit of water
Backflow Preventer Inspection Charge	Actual costs from the County for the backflow preventer inspection program will be passed through to those properties with backflow preventers

**Attachment 3** shows the combined water rate summary for the five-year period of this Rate Analysis.

**Water Rate Comparison**

**Attachment 4** provides a comparison of the OCSD current and proposed water rates to other Community Services Districts and Cities in the county. The comparison shows the SFR rates at the current average usage of 15 CCF.

## **Pass-Through Costs**

This Rate Analysis also provides for the following adjustments that are allowable in the future under State Laws<sup>1</sup> governing water rate increases.

- An increase (or decrease) that is based on charges for wholesale water charges.
  - An increase or decrease in the annual charges for Lopez Water, as compared to the prior year, will result in an increase or decrease in the volumetric charge of Tier 1.
  - An increase or decrease in the annual charges for the State Water Project, as compared to the prior year, will result in an increase or decrease in the volumetric charge of Tier 2.
- Notices of any adjustments will be provided at least 30 days before the increases will go into effect as required by California Government Code Section 53756.

The adjustments shall not cause water system revenues to exceed the cost of providing water service to the community.

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<sup>1</sup> Government Code Section 53755



## ATTACHMENT 1

### Pro Forma - Current Rates

	A	B	C	D	E	F	G	H
1								
2								
3	<b>Oceano CSD</b>	<b>Rate Increase</b>	<b>Supply</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
4			<b>Base</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
5	<b>Revenues and Expenses</b>		<b>Cost Inflation</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
6								
7								
8	Total Water Sales (CCF)	286,637	298,522	298,522	298,522	298,522	298,522	298,522
9		2018-19	2019-20	2020-21	2021- 22	2022-23	2023-24	2024-25
10		Actual	Estimated	Budget	Projection	Projection	Projection	Projection
11	Water Sales - Supply	1,155,432	1,269,794	1,280,760	1,319,183	1,358,758	1,399,521	1,441,507
12	Water Sales - Base	984,006	1,022,206	1,049,240	1,080,717	1,113,139	1,146,533	1,180,929
13	System Connection Fees	45,493	50,884	51,639	53,188	54,784	56,427	58,120
14	Delinquent Fees	28,481	27,930	27,000	27,810	28,644	29,504	30,389
15	New Account Setup Fees	2,700	3,240	3,240	3,337	3,437	3,540	3,647
16	Courtesy Notices Fees	4,322	4,329	4,500	4,635	4,774	4,917	5,065
17	Wheeling Fees	22,621	21,525	25,000	25,750	26,523	27,318	28,138
18	Interest	2,370	0	0	0	0	0	0
19	Grant Revenue	104,318	0	0	0	0	0	0
20	Other Revenues	19,978	29,330	11,350	11,691	12,041	12,402	12,775
21	<b>Total - Revenues</b>	<b>2,369,720</b>	<b>2,429,238</b>	<b>2,452,729</b>	<b>2,526,311</b>	<b>2,602,100</b>	<b>2,680,163</b>	<b>2,760,568</b>
22								
23	Water Supply - Lopez (Pass through)	472,914	462,693	493,997	493,997	493,997	493,997	493,997
24	Water Supply - State (Pass through)	953,953	1,101,264	1,151,000	1,151,000	1,151,000	1,151,000	1,151,000
25	<b>Source of Supply- Expenses</b>	<b>1,426,867</b>	<b>1,563,957</b>	<b>1,644,997</b>	<b>1,644,997</b>	<b>1,644,997</b>	<b>1,644,997</b>	<b>1,644,997</b>
26								
27	Salaries & Benefits	238,932	267,692	349,858	360,354	371,164	382,299	393,768
28	Admin Allocation	378,606	517,907	555,363	572,024	589,185	606,860	625,066
29	Services & Supplies	223,649	203,911	291,220	299,957	308,955	318,224	327,771
30	Transfers	71,375	34,888	56,075	57,757	59,490	61,275	63,113
31	<b>O&amp;M- Expenses</b>	<b>912,562</b>	<b>1,024,398</b>	<b>1,252,516</b>	<b>1,290,091</b>	<b>1,328,794</b>	<b>1,368,658</b>	<b>1,409,718</b>
32								
33	CIP Projects - Fixed Assets	267,821	270,057	40,000	75,000	150,000	150,000	150,000
34	<b>Capital - Expenses</b>	<b>267,821</b>	<b>270,057</b>	<b>40,000</b>	<b>75,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
35								
36	<b>Total - Expenses</b>	<b>2,607,250</b>	<b>2,858,412</b>	<b>2,937,513</b>	<b>3,010,088</b>	<b>3,123,791</b>	<b>3,163,655</b>	<b>3,204,715</b>
37								
38	Revenues minus Expenses	(237,530)	(429,174)	(484,784)	(483,778)	(521,691)	(483,492)	(444,147)
39								
40	Water Fund Ending Reserve Balance	1,390,488	961,314	476,530	(7,248)	(528,939)	(1,012,430)	(1,456,577)
41								
42	Minimum Reserve Balance (3 months expenses)	651,812	714,603	734,378	752,522	780,948	790,914	801,179

**ATTACHMENT 2**

A	B	C	D	E	F	G	H	
	<b>Pro Forma - Phased Increase</b>							
1								
2								
3	<b>Oceano CSD</b>	<b>Rate Increase</b>	<b>Supply</b>	<b>13%</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
4			<b>Base</b>	<b>13%</b>	<b>10%</b>	<b>10%</b>	<b>3%</b>	<b>3%</b>
5	<b>Revenues and Expenses</b>		<b>Cost Inflation</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
6								
7								
8	Total Water Sales (CCF)	286,637	298,522	298,522	298,522	298,522	298,522	298,522
9		2018-19	2019-20	2020-21	2021- 22	2022-23	2023-24	2024-25
10		Actual	Estimated	Budget	Projection	Projection	Projection	Projection
11	Water Sales - Supply	1,155,432	1,269,794	1,434,867	1,644,997	1,644,997	1,644,997	1,644,997
12	Water Sales - Base	984,006	1,022,206	1,155,093	1,270,602	1,397,663	1,439,592	1,482,780
13	System Connection Fees	45,493	50,884	51,639	53,188	54,784	56,427	58,120
14	Delinquent Fees	28,481	27,930	27,000	27,810	28,644	29,504	30,389
15	New Account Setup Fees	2,700	3,240	3,240	3,337	3,437	3,540	3,647
16	Courtesy Notices Fees	4,322	4,329	4,500	4,635	4,774	4,917	5,065
17	Wheeling Fees	22,621	21,525	25,000	25,750	26,523	27,318	28,138
18	Interest	2,370	0	0	0	0	0	0
19	Grant Revenue	104,318	0	0	0	0	0	0
20	Other Revenues	19,978	29,330	11,350	11,691	12,041	12,402	12,775
21	<b>Total - Revenues</b>	<b>2,369,720</b>	<b>2,429,238</b>	<b>2,712,689</b>	<b>3,042,010</b>	<b>3,172,863</b>	<b>3,218,699</b>	<b>3,265,910</b>
22								
23	Water Supply - Lopez (Pass through)	472,914	462,693	493,997	493,997	493,997	493,997	493,997
24	Water Supply - State (Pass through)	953,953	1,101,264	1,151,000	1,151,000	1,151,000	1,151,000	1,151,000
25	<b>Source of Supply- Expenses</b>	<b>1,426,867</b>	<b>1,563,957</b>	<b>1,644,997</b>	<b>1,644,997</b>	<b>1,644,997</b>	<b>1,644,997</b>	<b>1,644,997</b>
26								
27	Salaries & Benefits	238,932	267,692	349,858	360,354	371,164	382,299	393,768
28	Admin Allocation	378,606	517,907	555,363	572,024	589,185	606,860	625,066
29	Services & Supplies	223,649	203,911	291,220	299,957	308,955	318,224	327,771
30	Transfers	71,375	34,888	56,075	57,757	59,490	61,275	63,113
31	<b>O&amp;M- Expenses</b>	<b>912,562</b>	<b>1,024,398</b>	<b>1,252,516</b>	<b>1,290,091</b>	<b>1,328,794</b>	<b>1,368,658</b>	<b>1,409,718</b>
32								
33	CIP Projects - Fixed Assets	267,821	270,057	40,000	75,000	150,000	150,000	150,000
34	<b>Capital - Expenses</b>	<b>267,821</b>	<b>270,057</b>	<b>40,000</b>	<b>75,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
35								
36	<b>Total - Expenses</b>	<b>2,607,250</b>	<b>2,858,412</b>	<b>2,937,513</b>	<b>3,010,088</b>	<b>3,123,791</b>	<b>3,163,655</b>	<b>3,204,715</b>
37								
38	Revenues minus Expenses	(237,530)	(429,174)	(224,824)	31,922	49,072	55,044	61,195
39								
40	Water Fund Ending Reserve Balance	1,390,488	961,314	736,490	768,412	817,483	872,527	933,722
41								
42	Minimum Reserve Balance (3 months expenses)	651,812	714,603	734,378	752,522	780,948	790,914	801,179

### ATTACHMENT 3

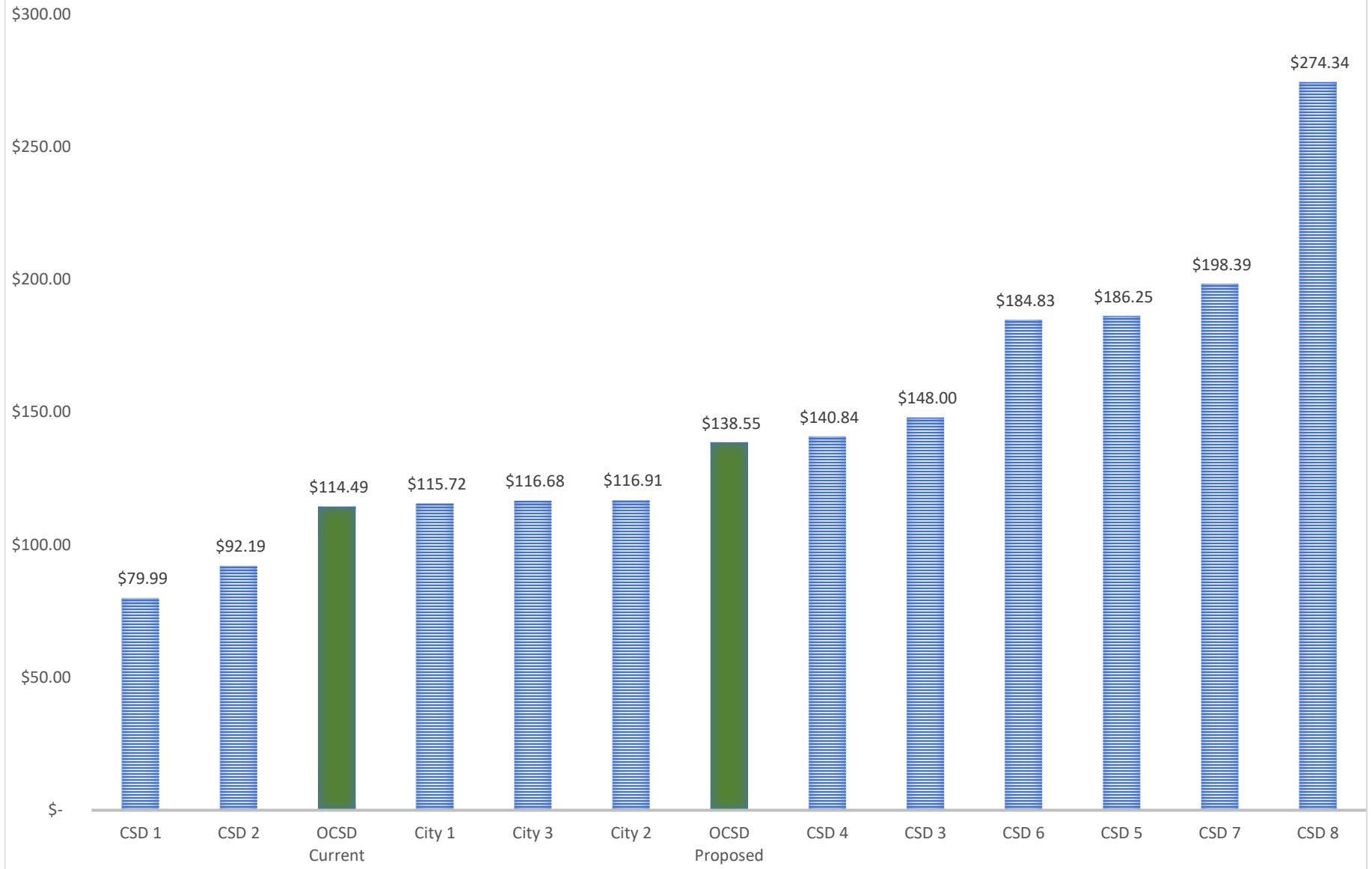
**Oceano Community Services District  
Water Rate Adjustments**

Bi-Monthly Rates

	Current	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Single Family Residential Base Charge	\$53.56	\$60.52	\$66.58	\$73.23	\$75.43	\$77.69
Multi Family Residential Base Charge	N/A	\$45.39	\$49.93	\$54.92	\$56.57	\$58.27
Non-Residential Base Charge						
5/8	\$59.80	\$67.57	\$74.33	\$81.76	\$84.22	\$86.74
3/4	\$72.81	\$82.28	\$90.50	\$99.55	\$102.54	\$105.62
1	\$111.40	\$125.88	\$138.47	\$152.32	\$156.89	\$161.59
1&1/2	\$201.21	\$227.37	\$250.10	\$275.11	\$283.37	\$291.87
2	\$312.52	\$353.15	\$388.46	\$427.31	\$440.13	\$453.33
3	\$497.30	\$561.95	\$618.14	\$679.96	\$700.36	\$721.37
4	\$844.80	\$954.62	\$1,050.09	\$1,155.10	\$1,189.75	\$1,225.44
6	\$1,317.12	\$1,488.35	\$1,637.18	\$1,800.90	\$1,854.93	\$1,910.57
Volume Charges (1 CCF= unit)						
per unit	per unit	per unit	per unit	per unit	per unit	per unit
0-6 units	\$1.80	\$3.30	Actual	Actual	Actual	Actual
7-12 units	\$5.44	\$6.47	Actual	Actual	Actual	Actual
13-18 units	\$5.83	\$6.47	Actual	Actual	Actual	Actual
19-24 units	\$6.31	\$6.47	Actual	Actual	Actual	Actual
24+ units	\$6.54	\$6.47	Actual	Actual	Actual	Actual
<b>Other:</b>						
Hydrant Meter	\$3.53	\$6.47	Actual	Actual	Actual	Actual
Out of Area Charge	\$8.51	\$9.62	\$10.58	\$11.64	\$11.98	\$12.34
Backflow Preventer Inspection	N/A	Pass-through	Pass-through	Pass-through	Pass-through	Pass-through
Meter Test Charge	\$40.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00

Actual costs are wholesale pass-through costs for Lopez and State water supplies

## ATTACHMENT 4 BI-MONTHLY WATER RATE COMPARISON - (SFR) 15 UNITS



# APPENDIX A

## CHAPTER 9 (Updated December 2019)

### CAPITAL IMPROVEMENT PROGRAM

This chapter summarizes the District's recommended Capital Improvement Program (CIP) to meet existing and future needs, and to assist the District in the financial planning aspects of implementing the recommended improvements. The improvements are described as first, second, and third priorities. The costs for these improvements are summarized in Table 9.1 and illustrated in Figure 9.1. The 5-year Capital Improvement Program is comprised of all First priority projects, and subsequent projects can be addressed in future CIP planning.

#### BASIS OF CAPITAL IMPROVEMENT PROJECT COSTS

The CIP costs were developed based on engineering judgment, confirmed bid prices for similar work in the Central Coast area, consultation with vendors and contractors, established budgetary unit prices for the work, and other reliable sources. Hard construction costs are multiplied by a factor of 1.4 to budget and allow for preliminary engineering, engineering, administration, construction management, construction contingency, and inspection costs. **All CIP costs are expressed in Year 2019 (October) dollars, using an ENR Construction Cost Index of 11,326, and will need to be escalated to the year during which the midpoint of construction occurs.**

#### SUMMARY OF RECOMMENDATIONS AND CAPITAL IMPROVEMENT PROJECTS

The projects are listed in order of necessity.

First priority projects are those considered necessary for correcting existing health and safety deficiencies, such as fire flow and low water service pressures, and are generally recommended to be completed within five years. As part of this Report and recommendations, first priority projects were listed for areas that are significantly deficient in fire flow requirements at the minimum residual pressure of 20 psi.

Second priority projects are those needed to correct lower priority system deficiencies, and anticipated future deficiencies (depending on growth and development) within 1 to 10 years. Given the number of fire flow deficiencies, and understanding the limitations of completing all fire flow related improvements within 5 years, second priority projects also included those areas that have deficient fire flow requirements at the minimum residual pressure of 20 psi, but are operating closer to the required minimums. These projects may also include undersized mains that are nearing the end of their useful life. These older, smaller diameter pipe sizes are more apt to leak or break, which could cause serious consequences if not replaced in a timely manner.

Third priority projects are generally those that do not present immediate deficiencies, but should be corrected in the future as budgets allow, such as looping dead-end mains, increasing water main sizes when a pipeline's useful life is nearing the end, increasing undersized pipelines to the District's 8-inch minimum, valve replacements or additions, and other such improvements. The costs of these improvements were estimated as described in the above section, Basis of Capital Improvement Project Costs. While the following proposed projects address system deficiencies, each project and comparable alternatives should be considered prior to design.

In addition to the operational deficiencies noted above, ranking of projects also considered

future County of San Luis Obispo and Caltrans street improvement projects. Higher priority projects that are in areas where development or street improvements projects are planned have been elevated on the priority list in order to minimize excavation in recently repaved streets, or provide service to new developments.

## **RECOMMENDATIONS**

The following is a list of general recommendations to the District:

### Un-accounted for Water

The District's un-accounted for water is considered within industry standards, and acceptable. It is recommended, however, that the District document incidental uses such as water used for line flushing, metered construction water, fire flow events, fire department training, and other incidences. This will help further refine the estimates of unaccounted for water that may be the result of inaccurate meters or unauthorized use.

To help reduce un-accounted for water, the District has implemented a meter replacement program to replace all the meters in the system. To this date, over half of the meters have been replaced, and the District is on track to complete the replacements in the next few years. It is recommended that this program continue until all meters have been replaced.

### Water Conservation Programs

The District does an excellent job in conserving water, as is portrayed by the relatively low per capita water demands. The District is encouraged to continue promoting water conservation through education and outreach programs, and tiered water rates.

### Water Supply

The District previously participated in the State Water Drought Buffer Program to enhance water supply reliability. Reliable delivery of State Water Project water varies from year to year, and the State is currently evaluating options to make delivery more reliable in future years. One such proposal is the Delta Conveyance Project. It is recommended that the District participate in the preliminary efforts in support of this project to ensure future reliability and delivery.

### Tank Lining and Coating

Over time the linings and coatings on steel tanks breaks down and needs replacement. Regular inspections of the tank and its coatings should be performed by a qualified coating specialist either by diving, or at the next scheduled tank cleaning, to assess the condition of both tanks. The 0.3 MG water storage tank is likely in need of re-coating and re-lining. The Division of Drinking Water (DDW) performed an inspection of both tanks in 2017 for their Sanitary Survey Report, and noted both tanks needed spot-repairs to address external corrosion, particularly on the tank roofs. This should be completed soon to avoid holes forming in the tank due to lack of maintenance.

Tank coatings last 15-20 years or more, and the life can be extended by performing spot-repair work on the tank periodically. Budgeting for tank lining and coating of the 0.3 MG water tank should be anticipated for some time within the next 5-10 years. This therefore has been included as a Priority 1 CIP. Tank lining and coating of the 1.0 MG tank can be deferred with minor spot repairs now, but should be budgeted for in the next 10-15 years or so.

## Capital Improvement Projects

This section presents a brief description of recommended first priority capital improvements. The G&T 2004 WMP and the Wallace 2009 WMP Update provided an extensive list of CIPs to address many conditions. Some of these projects have been completed and others were beyond the needs of the District. Table 9.1 summarizes the projects required to meet pressure and fire flow requirements throughout the system, as well as improve the functionality of the operation of the overall system.

### Priority 1 Improvements (Orange Figure 9.1)

First priority projects are those considered necessary for correcting existing health and safety deficiencies, such as fire flow and low water service pressures, and are generally recommended to be completed within five years. As part of this Report and recommendations, first priority projects were listed for areas that are deficient in fire flow capacity at the minimum residual pressure of 20 psi. These projects are summarized in Table 9.1 and illustrated in Figure 9.1. The Priority 1 projects listed in table 9.1 are also considered to be the 5-year CIP.

#### 1-1 Cabrillo Hwy (Hwy 1 at 21<sup>st</sup> St.)

Cabrillo Highway between 19<sup>th</sup> and 21<sup>st</sup> St is served by a 2-inch line. This is one of several undersized and dead-end lines that result in fire flows as low as 120 gpm (3,500 gpm required). To provide sufficient fire flow to this area, an 8-inch water line will be required. It will connect to the new water line in 21<sup>st</sup> Street and extend west to Front Street. This line should be upgraded to the district 8-inch minimum, and connect to the existing fire hydrant near 19<sup>th</sup> St that is currently fed from the alleyway to the north.

#### 1-2 Cabrillo Hwy and Front Street

A fire hydrant on Front St between Cabrillo Hwy and Nipomo Street is fed by a dead-end line and has low fire flow capacity. To increase the fire flow to this hydrant, the existing dead-end water main in Front street should be extended to the northwest and connect to the proposed Cabrillo Hwy water main described in Project 1-1. An 8-inch looping water main would increase fire flow and eliminate the dead end main in this location.

#### 1-3 22<sup>nd</sup> Street at Paso Robles Street

There is a gap in the piping network in 22<sup>nd</sup> Street between Warner St. and Paso Robles St. Approximately 225 feet should be installed in this location to loop the system to allow the District the flexibility to isolate the system more effectively in the event of an outage. An 8-inch looping water main would increase fire flow and eliminate the dead end main in this location. Timing is of the essence since the County of SLO has planned to do a street overlay in the next fiscal year, and installation of the main prior to this project would maintain the integrity of the freshly paved roadway. If this project is not completed in a timely manner, it may need to be re-prioritized to a later date to avoid trenching in a freshly paved street.

#### 1-4 Truman Drive

Fire flows in this area are as low as 500 gpm (2,500 gpm required). Replacing the existing 4-in ACP line in Truman Drive between Norswing Dr and Railroad St will increase the fire flow in this area. There is also a slow leak at the intersection of Truman Drive and Norswing Drive that needs to be addressed along with this project. This is another project that needs to be addressed soon so that it can be completed before the County of SLO street overlay project passes through this area.

- 1-5 Railroad Street Alley (Truman to Airpark)  
 Fire flows to The Strand (beach area) were as low as 1,150 gpm at one point (2,500 gpm required), but improvements to the water mains in Air Park Drive and the new 10-inch lagoon crossing at Maui Circle have helped increase these flows. There are still undersized water mains that need to be replaced to allow The Strand area to achieve the full fire flows required. To help remedy these deficiencies, the existing 4-inch and 6-inch lines in the Railroad Street Alley should be upgraded to a 10-inch pipe from Air Park Drive to Truman Street. The portion between Truman Dr. and Pier Ave has already been upgraded to a 10-inch pipe, and upsizing the pipe in this area will allow additional flow to reach Pier Ave, and ultimately increase the fire flow to The Strand area.
- 1-6 Norswing Drive and Pershing Drive  
 Fire flows in this area are as low as 500 gpm (2,500 gpm required). Replacing the existing 2-in steel lines in Norswing Drive from Pier Ave to Pershing Drive, and in Pershing Drive from Norswing Drive to Railroad St. will increase the fire flow in this area. This is another project that needs to be addressed soon so that it can be completed before the County of SLO street overlay project passes through this area.
- 1-7 Strand Way (South of Utah)  
 South of Utah Avenue the fire flow is as low as 1,600 gpm (2,500 gpm required). Replacing the existing 4-inch lines south of Utah Ave with 8-inch mains will provide sufficient fire flow to this area of the system.
- 1-8 Laguna Dr Alley (South of Utah)  
 South of Utah Avenue the fire flow is as low as 1,600 gpm (2,500 gpm required). Replacing the existing 4-inch lines south of Utah Ave with 8-inch mains will provide sufficient fire flow to this area of the system.
- 1-9 Cabrillo Hwy Alley (at 19<sup>th</sup> Street)  
 In this area there are several undersized and dead-end lines that result in fire flows as low as 120 gpm (3,500 gpm required). To provide sufficient fire flow to these areas an 8-inch and 12-inch water main will be required. It will connect the Front St Alley water main to the existing 12-inch main between 19<sup>th</sup> St and 21<sup>st</sup> St.
- 1-10 Utah Ave Alley (between Strand Way and Utah)  
 The alley between Strand Way and Laguna Drive Alley connects the two water mains with a 3-inch AC pipe. The fire flow in this area is as low as 1,600 gpm (2,500 gpm required). To increase the fire hydrant's capacity and loop the system this main should be upgraded to the district 8-inch minimum along with Projects 1-7 and 1-8.
- 1-11 Pershing Drive across Hwy 1  
 From Pershing Dr South 700 feet along Cabrillo Hwy the existing 6-inch dead end line provides only 1100 gpm fire flow (2,500 gpm required) and is a long dead end main. Both of these deficiencies can be solved by connecting the dead-end line to the proposed 10-inch main (Project 1-5) at intersection of Railroad St Alley and Pershing Dr. This will require crossing Caltrans right of way with a steel casing pipe.
- 1-12 Tank Inspection  
 The storage capacity at the District's Corp Yard includes a 0.3 MG and a 1.0 MG water storage tank. The District should provide coatings inspection by a qualified diver/coatings inspector, either while tanks are in service, or at the next scheduled



cleaning. The inspection of both tanks should be conducted to assess the need for re-lining and re-coating of the tanks, and recommendations for rust/corrosion repairs to the tank exteriors. This assessment should be done at the following intervals after re-coating and re-lining is completed:

- Year 5: First inspection
- Years 5-15: Every 2-3 years
- Years 15+: Annually

#### 1-13 Tank Re-line and Re-coat

The recommendations from the tank inspection reports should be followed. If spot repairs are needed to extend the life of the tank, those should be addressed immediately. If deferred maintenance is noted, or corrosion is too severe and the tanks need to be re-lined and re-coated, they should be done at separate intervals so both tanks are not out of service at the same time. Spot repairs on both tanks should be done right away, and relining and recoating of the tanks should be completed as funding becomes available.

### **Priority 2 Projects (Green Figure 9.1)**

Second priority projects are those needed to correct lower priority system deficiencies, and anticipated future deficiencies (depending on growth and development) within 1 to 10 years. Given the number of fire flow deficiencies, and understanding the limitations of completing all fire flow related improvements within 5 years, some fire flow improvement projects are included as Priority 2 projects instead of Priority 1 projects. Completion of these projects should take place as soon as funding becomes available. These projects are summarized in Table 9.1 and illustrated in Figure 9.1.

#### 2-1 Pier Avenue

Fire flows to The Strand (beach area) were as low as 1,150 gpm at one point (2,500 gpm required), but improvements to the water mains in Air Park Drive and the new 10-inch lagoon crossing at Maui Circle have helped increase these flows. There are still undersized 6-inch water mains in Pier Avenue that need to be replaced to allow The Strand area to achieve the fire flows required. To help remedy these deficiencies, the existing 6-inch lines in Pier Avenue from Air Park Dr to Railroad Street Alley should be upgraded to a 10-inch pipe. The portion in the existing 80-foot bridge crossing has already been upgraded to a 10-inch pipe.

#### 2-2 Norswing Drive Loop (North of Pier)

The Norswing alley main that provides service to the area north of Pier Ave is a 1,050-foot long dead-end main. Fire flow at the north end of the Norswing Drive Alley is approximately 740 gpm (2,500 gpm required). Replacing the existing 4-inch line from Coolidge Dr to Harding Dr with an 8-inch main will provide sufficient fire flow, while water quality and reliability of service to this area can be improved by installing a new 8-inch line looping the main back to Pier Ave in Norswing Dr.

#### 2-3 Railroad Street (Creek Rd. to 17<sup>th</sup> St.)

Fire flow provided by the existing waterline at Sand Dollar Ave and Creek Rd is 2,200 gpm (3,500 gpm required) and it is a dead-end line. To increase the fire flow in this area, the only way to address the issue is to connect the system on the west side of the railroad tracks to the system on the east side of the tracks. Currently the only connections across the railroad tracks are at Air Park Drive. If the crossings in this location were ever compromised, there would be no way to get water to the western

portions of the distribution system. Installing another water main across the railroad tracks on the southern end of the system would provide an added measure of security to the operational functionality of the system. To address this deficiency, a new 8-inch water main should be installed in a new steel casing pipe under the UPRR right of way in Railroad Street.

2-4 Creek Road (Sand Dollar to Railroad St)

Fire flow provided by the existing waterline at Sand Dollar Ave and Creek Rd is 2,200 gpm (3,500 gpm required) and it is a dead-end line. To increase the fire flow in this area, the only way to address the issue is to connect the system on the west side of the railroad tracks to the system on the east side of the tracks. Once the connection in Railroad St is completed (Project 2-3), a new water main can be installed in Creek Rd from Sand Dollar to Railroad St to address the fire flow deficiencies and provide a benefit to the entire system by looping the piping network.

2-5 16<sup>th</sup> Street and Warner Street

Existing fire flows in this area are as low as 1000 gpm (2,500 gpm required). Replacing the existing 2-inch, 4-inch, and 6-inch lines in the area with 8-inch mains will provide sufficient fire flow to the area.

2-6 14<sup>th</sup> Street at Wilmar Ave

The existing waterline between Wilmar Ave and Rice St is only a 2-inch line limiting the fire flow to 1650 gpm (2,500 gpm required). Upgrading the existing 2-inch line to an 8-inch main will provide sufficient fire flow to the area.

2-7 Vista Street (19<sup>th</sup> St to 21<sup>st</sup> St)

Vista St is provided service by a 2-inch line between 19<sup>th</sup> St. and 21<sup>st</sup> St. This line should be upgraded to the district 8-inch minimum to provide additional fire flow.

2-8 Warner Street (19<sup>th</sup> to 21<sup>st</sup>)

Warner St is provided service by a 2-inch line between 19<sup>th</sup> St. and 21<sup>st</sup> St. This line should be upgraded to the district 8-inch minimum to provide additional fire flow.

2-9 South 4<sup>th</sup> Street Upgrade

There is a 200-foot 2-inch dead end line located in S 4<sup>th</sup> St, just past the UPRR and Highway 1 crossing at Air Park Drive. This line should be upgraded to the district 8-inch minimum to eliminate the old undersized steel main, and prevent a future leak or break in the main.

2-10 Temple St and Halcyon Rd

There is currently a 2,300 lf long dead-end reach of pipe on the eastern end of the District's system that serves several homes near Halcyon Rd. The pipe is sized properly for fire flow, but it is a dead end main in the system. Extending this pipe to the intersection of Halcyon Rd and The Pike would allow the District to serve new and existing developments along Halcyon Rd, and could also provide an interconnect with the City of Arroyo Grande for emergency conditions if ever needed. Although there is not an immediate need for this main, the long term returns for the District are beneficial.

2-11 Jetty Ave Alley (Palace Ave. to Fountain Ave.)

Currently there are dead end mains at both these streets and both have fire flow deficiencies. Connecting the two with an 8-inch line will provide a loop, allow sufficient fire flow, and greatly reduce the length of dead-end mains.

### Priority 3 Projects (Blue Figure 9.1)

Priority 3 projects are generally those that do not pose any immediate concern to the operation of the system, but would benefit the longevity and life expectancy of the system as a whole. There are several un-looped water mains and dead ends in the system. If these lines can be looped it would benefit water quality and reliability of service. Also, replacing any existing 2-inch, 3-inch, and 4-inch lines with 8-inch mains would be beneficial to the fire flow capabilities of the system. Some of these projects will rely on outside parties to complete, and therefore have been placed as a lower priority on the overall list. These projects are summarized in Table 9.1 and illustrated in Figure 9.1.

3-1 La Verne Ave. (Between 22<sup>nd</sup> St. and 23<sup>rd</sup> St.)

La Verne Ave. service is provided by a 4-inch main. The 4-inch line should be upgraded to the District 8-inch minimum.

3-2 23<sup>rd</sup> Street (Between Wilmar Ave. and Tamera Dr.)

There is a short reach of 4-inch water line in 23<sup>rd</sup> St, just north of Wilmar Ave. that should be upgraded to the District 8-inch minimum size pipe.

3-3 18<sup>th</sup> Street at Wilmar Ave.

The water main in 18<sup>th</sup> Street is a dead-end main right near the intersection of Wilmar Avenue. The existing 4-inch piping was never connected to the water main in Wilmar Avenue. Connecting these water mains would provide a looping system in this area, providing increased pressure and fire flows to this area. Upsizing the water main from 4-inches to the District's 8-inch minimum would also provide a benefit to the system.

3-4 Laguna Drive Alley (from Utah Ave. to Juanita Ave.)

The Strand is fed by an 8-inch water main, with a 4-inch loop around the alley that connects back to Juanita Ave. Existing fire flows on Laguna Alley are as low as 2,200 gpm (2,500 gpm required). To provide better fire flow, looping capabilities, and to meet the District's pipe sizing minimum; an 8-inch water main should be installed to replace the old main in this location. In conjunction with Projects 1-7, 1-8, 1-10, and 3-5, this will provide a more robust system that gives operational flexibility to the District in this area.

3-5 Utah Ave Alley (Between York and Utah)

The alley between York Ave and Utah Ave is provided service by a 3-inch main. This pipeline should be upgraded to the District 8-inch minimum.

3-6 Rochelle Way Loop

Rochelle Way is provided service by a 370-foot dead-end 6-inch main. To improve water quality this main should be connected to the nearby 8-inch main if it is possible to obtain an easement.

3-7 Security Ct at Sunset Lane

Security Ct service is provided by a 2-inch dead end line. The 2-inch line should be upgraded to the district 8-inch minimum.

3-8 21<sup>st</sup> Street at River Ave

The dead-end waterline on River Ave provides fire flows of 2,680 gpm (3,500 gpm required). By looping the system with an 8-inch line running north along 21<sup>st</sup> St to Nipomo St, sufficient fire flow will be provided and the dead-end line will be eliminated.

3-9 La Vista Ct at The Pike

Existing fire flows are approximately 490 gpm (1,000 gpm required). To provide sufficient fire flow the existing 4-inch dead-end line should be upgraded to an 8-inch main. Although this area is served by the District, the homes on this street are actually in the City of Arroyo Grande. Funding for upgrading these mains may need to come from the City.

3-10 Lancaster Drive at The Pike

Existing fire flows on Lancaster Dr are as low as 750 gpm (1000 gpm required). To provide sufficient fire flow the existing 4-inch main should be upgraded to an 8-inch. Although this area is served by the District, the homes on this street are actually in the City of Arroyo Grande. Funding for upgrading these mains may need to come from the City.

3-11 Trinidad Drive at Martinique

Existing fire flows are approximately 1,700 gpm (2,500 gpm required). To provide sufficient fire flow the existing 4-inch line along Trinidad Dr should be upgraded to an 8-inch main. This main, along with others on Antigua Drive, Barbados Street, and Tobago Street are all undersized per District standards, but are actually owned by the Cienega Seabreeze development so minimum District sizing does not necessarily apply. As a good rule of practice though, these 4-inch and 6-inch ACP water mains should be upsized in the future when their service life has been reached.

### **Other Projects**

While it is not hydraulically necessary to upgrade all of the distribution system's 4-inch lines to the District's new 8-inch standard, it is recommended that they be replaced if the budget is available, or at least upsized in the future when they reach the end of their serviceable life. Replacement of these 4-inch lines offers the further benefit of replacing old piping, improving looping, and providing better water quality and reliability.

**Table 9.1 – Capital Improvement Projects List**





Project No.	Description	Priority	Existing (in.)	Proposed (in.)	Length (lf)	Unit Cost	Construction Cost	Soft Cost	Total Cost
1-1	Cabrillo Hwy (Hwy 1 at 21st St.)	1	2	8	650	\$150	\$97,500	\$39,000	\$136,500
1-2	Cabrillo Hwy and Front St	1	-	8	400	\$150	\$60,000	\$24,000	\$84,000
1-3	22nd Street at Paso Robles St	1	-	8	225	\$150	\$33,750	\$13,500	\$47,250
1-4	Truman Dr	1	4	8	250	\$140	\$35,000	\$14,000	\$49,000
1-5	Railroad St Alley (Truman to Air Park)	1	4,6	10	1000	\$140	\$140,000	\$56,000	\$196,000
1-6	Norswing Dr & Pershing	1	1,2	8	900	\$140	\$126,000	\$50,400	\$176,400
1-7	Strand Way (South of Utah)	1	4	8	235	\$150	\$35,250	\$14,100	\$49,350
1-8	Laguna Dr Alley (South of Utah)	1	4	8	130	\$150	\$19,500	\$7,800	\$27,300
1-9	Cabrillo Hwy Alley (at 19th St)	1	2,4	8	700	\$140	\$98,000	\$39,200	\$137,200
1-10	Utah Ave Alley (Strand Way to Utah)	1	3	8	195	\$140	\$27,300	\$10,920	\$38,220
1-11	Pershing Dr across Hwy 1	1	-	8	200	\$150	\$30,000	\$12,000	\$42,000
1-12	Tank Inspections	1	-	-	-	-	\$6,500	\$2,600	\$9,100
1-13	Tank Re-lining and Re-coating	1	-	-	-	-	\$180,000	\$72,000	\$252,000
2-1	Pier Ave (Lakeside to Hwy 1)	2	6	10	1140	\$140	\$159,600	\$63,840	\$223,440
2-2	Norswing Dr Loop (North of Pier)	2	4,-	8	1750	\$140	\$245,000	\$98,000	\$343,000
2-3	Railroad Street (Creek to 17th)	2	-	8	650	\$250	\$162,500	\$65,000	\$227,500
2-4	Creek Road (Sand Dollar to Railroad)	2	-	8	480	\$140	\$67,200	\$26,880	\$94,080
2-5	16th St at Warner St.	2	2,4,6	8	940	\$140	\$131,600	\$52,640	\$184,240
2-6	14th St at Wilmar Ave.	2	2	8	380	\$140	\$53,200	\$21,280	\$74,480
2-7	Vista St (19th to 21st)	2	2	8	480	\$140	\$67,200	\$26,880	\$94,080
2-8	Warner St (19th to 21st)	2	2	8	480	\$140	\$67,200	\$26,880	\$94,080
2-9	South 4th St Upgrade	2	2	8	200	\$150	\$30,000	\$12,000	\$42,000
2-10	Temple St and Halcyon Rd	2	-	12	1075	\$175	\$188,125	\$75,250	\$263,375
2-11	Jetty Ave Alley (Palace to Fountain)	2	-	8	650	\$150	\$97,500	\$39,000	\$136,500
3-1	La Verne Avenue (22nd to 23rd)	3	4	8	500	\$140	\$70,000	\$28,000	\$98,000
3-2	23rd Street at Wilmar Ave.	3	4	8	300	\$150	\$45,000	\$18,000	\$63,000
3-3	18th St at Wilmar Ave.	3	4	8	40	\$250	\$10,000	\$4,000	\$14,000
3-4	Laguna Dr Alley (Utah to Juanita)	3	4	8	1195	\$150	\$179,250	\$71,700	\$250,950
3-5	Utah Ave Alley (York to Utah)	3	3	8	195	\$140	\$27,300	\$10,920	\$38,220
3-6	Rochelle Way Loop	3	-	8	200	\$200	\$40,000	\$16,000	\$56,000
3-7	Security Ct at Sunset Ln	3	2	8	280	\$140	\$39,200	\$15,680	\$54,880
3-8	21st St at River Ave.	3	-	8	690	\$130	\$89,700	\$35,880	\$125,580
3-9	La Vista Ct at The Pike	3	4	8	425	\$140	\$59,500	\$23,800	\$83,300
3-10	Lancaster Dr at The Pike	3	4	8	1150	\$140	\$161,000	\$64,400	\$225,400
3-11	Trinidad Dr at Martinique	3	4	8	300	\$130	\$39,000	\$15,600	\$54,600
Subtotal	Priority 1 (Orange)	1	-	-	4885	-	\$888,800	\$355,520	\$1,244,320
Subtotal	Priority 2 (Green)	2	-	-	8225	-	\$1,269,125	\$507,650	\$1,776,775
Subtotal	Priority 3 (Blue)	3	-	-	5275	-	\$759,950	\$303,980	\$1,063,930
<b>Total</b>		-	-	-	<b>18385</b>	-	<b>\$2,917,875</b>	<b>\$1,167,150</b>	<b>\$4,085,025</b>

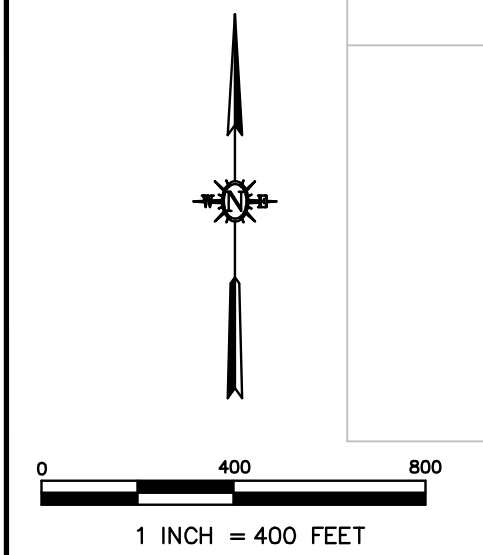
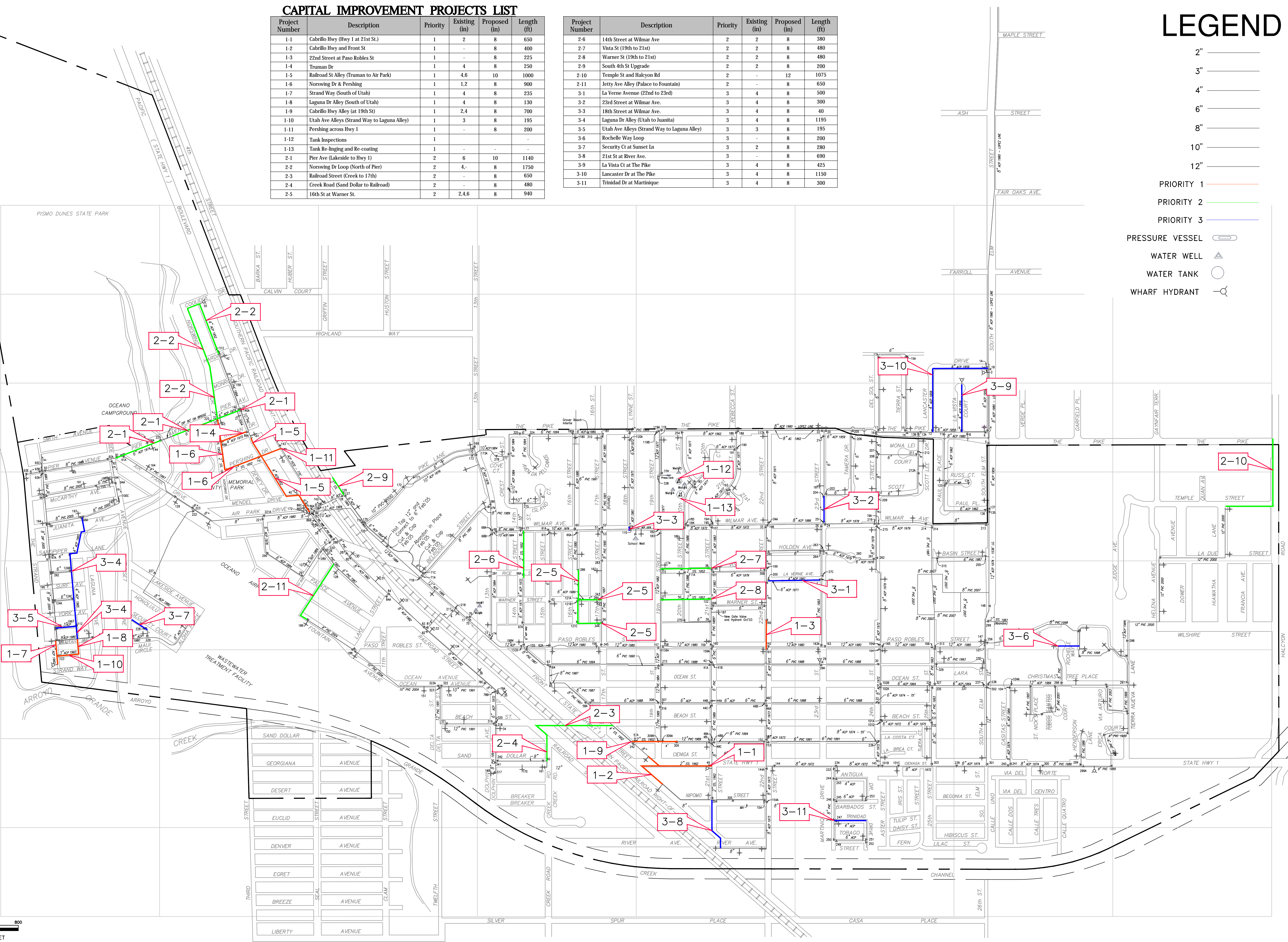
**CAPITAL IMPROVEMENT PROJECTS LIST**

Project Number	Description	Priority	Existing (in)	Proposed (in)	Length (ft)
1-1	Cabrillo Hwy (Hwy 1 at 21st St.)	1	2	8	650
1-2	Cabrillo Hwy and Front St	1	-	8	400
1-3	22nd Street at Paso Robles St	1	-	8	225
1-4	Truman Dr	1	4	8	250
1-5	Railroad St Alley (Truman to Air Park)	1	4.6	10	1000
1-6	Norswing Dr & Pershing	1	1.2	8	900
1-7	Strand Way (South of Utah)	1	4	8	235
1-8	Laguna Dr Alley (South of Utah)	1	4	8	130
1-9	Cabrillo Hwy Alley (at 19th St)	1	2.4	8	700
1-10	Utah Ave Alleys (Strand Way to Laguna Alley)	1	3	8	195
1-11	Pershing across Hwy 1	1	-	8	200
1-12	Tank Inspections	1	-	-	-
1-13	Tank Re-lining and Re-coating	1	-	-	-
2-1	Pier Ave (Lakeside to Hwy 1)	2	6	10	1140
2-2	Norswing Dr Loop (North of Pier)	2	4	8	1750
2-3	Railroad Street (Creek to 17th)	2	-	8	650
2-4	Creek Road (Sand Dollar to Railroad)	2	-	8	480
2-5	16th St at Warner St.	2	2.4,6	8	940

Project Number	Description	Priority	Existing (in)	Proposed (in)	Length (ft)
2-6	14th Street at Wilmar Ave	2	2	8	380
2-7	Vista St (19th to 21st)	2	2	8	480
2-8	Warner St (19th to 21st)	2	2	8	480
2-9	South 4th St Upgrade	2	2	8	200
2-10	Temple St and Halcyon Rd	2	-	12	1075
2-11	Jetty Ave Alley (Palace to Fountain)	2	-	8	650
3-1	La Verne Avenue (22nd to 23rd)	3	4	8	500
3-2	23rd Street at Wilmar Ave.	3	4	8	300
3-3	18th Street at Wilmar Ave.	3	4	8	40
3-4	Laguna Dr Alley (Utah to Juanita)	3	4	8	1195
3-5	Utah Ave Alleys (Strand Way to Laguna Alley)	3	3	8	195
3-6	Rochelle Way Loop	3	-	8	200
3-7	Security Ct at Sunset Ln	3	2	8	280
3-8	21st St at River Ave.	3	-	8	680
3-9	La Vista Ct at The Pike	3	4	8	425
3-10	Lancaster Dr at The Pike	3	4	8	1150
3-11	Trinidad Dr at Martinique	3	4	8	300

**LEGEND**

- 2" \_\_\_\_\_
- 3" \_\_\_\_\_
- 4" \_\_\_\_\_
- 6" \_\_\_\_\_
- 8" \_\_\_\_\_
- 10" \_\_\_\_\_
- 12" \_\_\_\_\_
- PRIORITY 1 —
- PRIORITY 2 —
- PRIORITY 3 —
- PRESSURE VESSEL 
- WATER WELL 
- WATER TANK 
- WHARF HYDRANT 



REV	NO	DATE	REVISION	BY



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OCEANO COMMUNITY SERVICES DISTRICT  
 WATER DISTRIBUTION SYSTEM  
**CAPITAL IMPROVEMENT  
 PROJECT LOCATIONS**  
 OCEANO, CALIFORNIA

SHEET  
 1  
 OF 1



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** September 9, 2020

**To:** Board of Directors

**From:** Will Clemens, General Manager

**Subject:** **Agenda Item 8(C): Consideration of a Resolution to Transition from At-Large to District-Based Elections**

## **Recommendation**

It is recommended that your Board adopt a Resolution Declaring its Intention to Transition from At-Large to District-Based Elections by November 2022

## **Discussion**

As part of the Oceano Community Services District (OCSD) diligence in conducting its business consistent with laws and regulations that promote well governed communities, the District is committed to remaining in compliance with the California Voting Rights Act (CVRA).

The OCSD currently elects its Board through an at-large electoral system in which each Board member may reside anywhere within the OCSD boundaries, is elected by the entire electorate, and the candidates with the most votes fill the open seats. This electoral system is known as the “multi-seat plurality electoral system.”

The CVRA allows for legal challenges alleging that an at-large system has resulted in racially polarized voting within a jurisdiction and seeking a court order that a jurisdiction convert to a district-based election system. A district-based electoral system is one in which a jurisdiction is divided into separate geographic districts, each with one representative who resides in the district and is elected only by the voters residing within the district. In a district-based system, voters within each district may vote for only one candidate. “Racially polarized voting” under the CVRA means voting in which there is a difference between the choice of candidates or other electoral choices that are preferred by voters in a protected class and in the choice of candidates and electoral choices preferred by voters in the ‘rest of the electorate’, and in which the candidates preferred by ‘the rest of the electorate’ defeat the candidates preferred by the protected class voters.

Moving to a district-based election system is the “safe harbor” under the California Voting Rights Act that prevents a CVRA lawsuit alleging the dilution of protected class voting strength. At the February 12, 2020 Board meeting, Cal Poly Professor, Dr. Michael Latner, gave a presentation that discussed the advantages and disadvantages of the various election systems available. As a result, staff and legal counsel examined the various alternative approaches considering recent legal decisions and what would best protect the OCSD from lawsuits



under the CVRA. While alternative election systems may enhance a jurisdiction's defense in a CVRA lawsuit, none currently provides a "safe harbor" from being sued under the CVRA except for moving to district-based elections.

## **Other Agency Involvement**

Any electoral system the OCSD may choose to pursue would have to be implemented by the County Clerk/Recorder. The timeframes contained in the CVRA are currently suspended until further notice by Executive Order of the Governor as the rigorous public process of drawing district maps conflicts with the COVID-19 stay at home orders. The soonest that the OCSD could transition to district-based elections is 2022 as the deadlines for the 2020 election have passed.

## **Other Financial Considerations**

The cost to move from at-large elections to an alternative is significant. The City of Grover Beach is moving to district-based elections and estimates the cost could be up to \$75,000 including the \$30,000 in legal fees paid to the plaintiff. This also covers the cost of consultants to draw district boundaries. Ongoing costs are also needed to potentially redraw district boundaries after each census or annexation. Moving to cumulative or ranked choice voting could also involve significant costs. The County Clerk/Recorder would have to update voting software to implement these alternatives estimated at several hundred thousand dollars and it is unclear who would pay the costs. However, the cost of a likely lawsuit related to the CVRA could eclipse any cost of conversion. The City of Santa Monica is the only agency to successfully defend a lawsuit under the CVRA and has spent over \$8 million to date on the effort.

By approving the recommendations, the OCSD will avoid the need to pay up to \$30,000 in legal fees to a potential plaintiff who brings a lawsuit. It will also help secure a demographer early in the process, as many agencies will be contracting for demographic services after the 2020 census data is released in the April 2021 timeframe.

## **Results**

The process to move to a district-based system for the 2022 election will be initiated. Compliance with the CVRA helps to ensure a well governed community.

Attachment – Resolution



**RESOLUTION NO. 2020-**

**A RESOLUTION OF THE OCEANO COMMUNITY SERVICES DISTRICT  
DECLARING ITS INTENTION TO TRANSITION FROM  
AT-LARGE TO DISTRICT-BASED ELECTIONS BY NOVEMBER 2022**

**RECITALS**

WHEREAS, the Board of Directors of the Oceano Community Services District (the "District") is currently elected in at-large elections, in which each District member is elected by the registered voters of the entire District; and

WHEREAS, the California Elections Code section 10650 permits the governing body of a special district to adopt a resolution that requires members of the governing body to be elected using district-based elections, without being required to submit the resolution to the voters for approval; and

WHEREAS, the California Voting Rights Act ("CVRA") prohibits any political subdivision from using any at-large method of election that "impairs the ability of a protected class to elect candidates of its choice or influence the outcome of an election, as a result of the dilution or the abridgement of the rights of voters who are members of the protected class...." (Elections Code section 14027); and

WHEREAS, the CVRA provides for a prospective plaintiff to allege "racially polarized voting" in a jurisdiction with an at-large voting system and to seek change that would result in the jurisdiction utilizing a district-based voting system; and

WHEREAS, the District denies that its at-large voting system violates the CVRA or any other provision of law and asserts that it is legal in all respects; and

WHEREAS, the District has nevertheless determined due to the high cost of litigation, including the potential payment of a plaintiff's attorneys' fees, that the public interest is better served by initiating a process for transition to a district-based election system in order to avoid the costs associated with defending a potential lawsuit under the CVRA; and

WHEREAS, the District desires to declare its intention to adopt a resolution transitioning from at-large to district-based elections for its November 2022 election, establish specific steps it will undertake to facilitate this transition, and establish an estimated timeframe for doing so.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Oceano Community Services District, as follows:

1. The above recitals are true and correct and incorporated herein by this reference.

2. Before the November 2022 regular election, the District will consider adoption of an ordinance and/or resolution to institute a district-based election system as authorized under Elections Code section 10650.
3. Prior to considering an ordinance and/or resolution to institute a district-based election system, the District will take the following actions pursuant to Elections Code section 10010:
  - a. Hire a qualified consultant to provide demographic services and assist in the preparation of proposed district maps;
  - b. Conduct public outreach, including to non-English speaking communities, to explain the districting process and to encourage public participation;
  - c. Before drawing a draft map or maps of the proposed division boundaries, hold at least two public hearings at which the public is invited to provide input regarding the composition of the districts and to consider district boundaries;
  - d. After drawing a draft map or maps, publish the draft map(s) and the potential sequence of the district elections and hold at least two public hearings at which the public is invited to provide input regarding the content of the draft map or maps and the proposed sequence of elections; and
  - e. Hold a public hearing at which the District will consider the adoption of an ordinance establishing district-based elections, including a district boundary map and the sequence of the district elections.
4. This resolution will take effect upon its adoption and wherein the District declares that the change in method of election is being made in furtherance of the purposes of the California Voting Rights Act.
5. The General Manager is hereby authorized to enter into a professional services contract as necessary with a consultant qualified to provide demographic services to the District.

**ADOPTED** by the Board of Directors of the Oceano Community Services District on \_\_\_\_\_, by the following roll call votes:

AYES:

NOES:

ABSENT:

ABSTAINED:

the foregoing Resolution is hereby adopted this \_\_\_\_ day of \_\_\_\_\_, 2020

\_\_\_\_\_  
President of the Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary for the Board of Directors

(SEAL)

APPROVED AS TO FORM AND LEGAL EFFECT:

Jeffrey Minnery  
District Counsel

By: \_\_\_\_\_

District Legal Counsel

Dated: \_\_\_\_\_