

December 8, 2020

Oceano Community Services District Board of Directors
1655 Front Street
Oceano, CA 93445

Via email December 8, 2020

RE: December 9, 2020 Agenda Item 10(C) Receive an update on the Central Coast Blue project and consider recommendations to participate.

Ladies and Gentlemen,

It is clear that the City of Pismo Beach wants the OCSD to be a contributing/participating member of the Central Coast Blue (CCB) project. The primary reasons Pismo wants Oceano involved are:

- 1) To qualify for grants using Oceano's DAC status.
- 2) With Oceano included, Pismo Beach can truly represent that CCB as "regional".
- 3) Allows the City of Pismo Beach and other members to manage the OCSD's 900 acre-foot groundwater entitlement.

It has become evident that the City of Pismo Beach and others may wish to sell their State Water entitlement and use the proceeds from the rent or sale of State Water to offset costs for CCB. This sell low, buy high strategy is not good for Oceano. For example, the cost of State Water including the Delta Conveyance project is approximately \$1,705 per acre-foot. The cost of CCB, without grants, and including annual operations and maintenance will be approximately \$6,700 per acre-foot. With grants, the total annual cost will be approximately \$5,400 per acre-foot. This does not make financial sense under any circumstances.

However, if Oceano chooses to participate in CCB, the following deal points are recommended.

- 1) Oceano receive five percent (5%) entitlement in CCB as a signing bonus.
- 2) Pismo and/or CCB members pay Oceano \$1,000 per acre-foot, per year for groundwater NOT pumped in excess of the OCSD actual extraction. As an example: 900AF-147AF (2019)= 753AF x \$1,000 = \$753,000.
- 3) Pismo and/or CCB members pay the OCSD twenty-five percent (25%) of any and all grants received in cash.
- 4) Pismo and/or CCB members pay the legal expenses for OCSD to review all documents related to any agreement.
- 5) Pismo and/or CCB members pay for a Special Election if required pursuant to the voter initiative in 2012 known as Measure B.

If Pismo Beach really wants Oceano involved they will agree to the deal points outlined above. If they do not agree, then any involvement in CCB by OCSD is a bad deal for Oceano.

The staff report for item 10(C) makes numerous references to public participation, public involvement and the like. So far, the City of Pismo Beach has not been transparent about the project or its finances. What makes anyone think Pismo is going to change their approach?

Please feel free to contact us with questions.

Jeff Edwards and Julie Tacker
