



MOVE FORWARD - SAVE THE DREAM

## NEWSLETTER # 2

### Our goals are to:

- 1) Support the Los Osos Wastewater Project as proposed by the LOCSD,
- 2) DEFEAT the recall of our LOCSD Board members, and
- 3) Seek grants to reduce the wastewater project's cost.

### Our Dream is to:

- Preserve our unique quality of life;
- Protect our drinking water and ground water basin;
- Restore the health of the bay;
- Retain our surrounding rural environment and prevent sprawl; and
- Restore civility and unite our community.

**We invite you to make this your dream also.**

This newsletter has been written by and paid for by Save The Dream Coalition, Karen Huntoon, Treasurer. *Donations are gratefully accepted, and can be mailed to:* P.O. Box 6252, Los Osos, CA 93412. *And, we accept credit card donations on our website.*

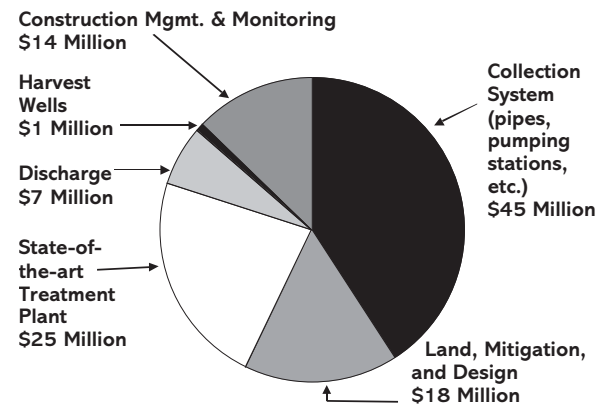
For more information please call:  
534-9226 or explore our website at:  
[www.SaveTheDream.info](http://www.SaveTheDream.info)

# Project Costs

## Q. How much will the Wastewater Project cost?

**A.** The approved wastewater project will cost an estimated \$110.5 million. The treatment facility will be a subterranean, state-of-the-art treatment plant with a 7-1/2 acre park for the community to enjoy. The cost of each component is summarized in the graph to the right.

### Construction, Land and Design Costs:



Source: Los Osos Community Services District

## Q. The cost is \$157 per month or less for a single family home.

### Is this correct?

## A. Yes.

If you calculate all your yearly costs on a monthly basis, an **average<sup>1</sup>** single family residence will pay \$157 per month. *Your actual monthly payment is \$38, the remainder will be collected on your property taxes, twice per year, and may be tax deductible.*

<sup>1</sup>Homes with existing community-wide collection systems (Monarch Grove, Vista de Oro and Bayridge Estates), mobile home parks and apartments will pay less. At full buildout (19,200 people), the cost will go down. **Additional grants will further reduce this cost. Help us with this effort.** See the enclosed insert.

Cost Breakdown		Average Amount Assessed per Single Family Residence		
Category	Yearly	Monthly	How Paid?	Duration
Design/Acquisition*	\$252*	0	w/property tax**	Ends in 30 yrs.
Construction	\$1,176	0	w/property tax**	Ends in 20 yrs.
Operating & Maintenance	0	\$38	Monthly	Ongoing
NOTE: *Property owners have been paying this amount since 2003. **Check with your tax advisor, these costs may be tax deductible.				

Source: Los Osos Community Services District

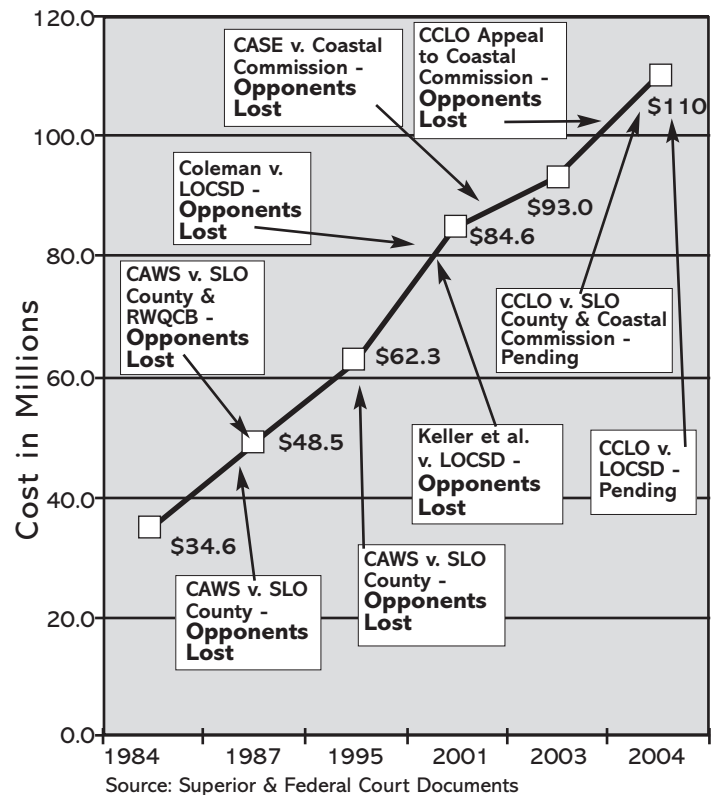
## Q. Why have the Project costs increased so dramatically?

**A.** The largest Project cost increases have been caused by delays (lawsuits and appeals) brought by the Project opponents. To date, these delays have added \$25 million to the Project cost and the costs are rising at \$16,000 per day!

These increases have raised the average homeowner's monthly estimated cost from \$107 in 2003 to \$157 in 2005.

**More delays will continue to drive the project cost upward!**

## Cost Increases Due to Lawsuits and Appeals by Project Opposition



## Q. Would it be cheaper to move the sewer out of town?

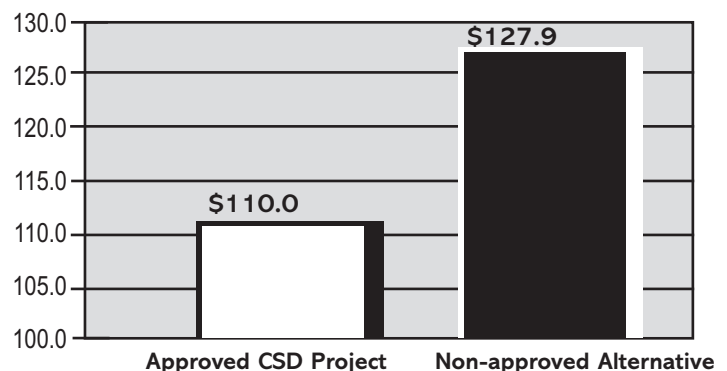
**A. No.** To date, wastewater opponents have offered **NO DATA** that supports their claim they have a cheaper or better project, or that their alternative is acceptable to the regulatory agencies. The LOCSD's approved and permitted plan took six years to develop. Any alternative plan will take four to six more years to design and permit.

**An Out-of-Town site would cost more because:**

- 1) Inflation:** Construction costs are rising at approximately 6.4% per year. That's \$16,000 per day!
- 2) Conventional financing:** The current low-interest loan rate obtained by the LOCSD at 2.6% is project- and site- specific. If we lose this loan, we may have to resort to conventional financing at 5.5%-6%.

**3) Violation of the Time Schedule Order:** The Regional Water Quality Control Board's Dec. 7, 2004 letter to the LOCSD, "mandates a date-specific compliance for completion ... and specifies monetary penalties of \$10,000 per day for failure to comply with the schedule."

## Any Out-of-Town Project will cost more



Category	Approved <sup>1</sup> CSD Project	Non-Approved <sup>2</sup> Alternative
Collection System	\$45.0 million	\$45.0 million
Treatment plant	\$25.0 million	\$25.0 million
Water recharge system	\$7.0 million	--
Harvest wells	\$1.0 million	--
Construction Management	\$7.5 million	\$7.5 million
Contingencies & overhead	\$7.0 million	\$7.0 million
Land & design	\$18.0 million	\$18.0 million
Re-importation of water	--	\$6.0 million
Increase due to 4-year delay	--	\$10.0 million
Drinking water pipeline costs	--	\$2.4 million
Fines from RWQCB	--	\$.7 million
<b>Cost Difference</b>	<b>\$110.0 million</b>	<b>\$127.9 million</b>

Source: <sup>1</sup> Los Osos Community Services District  
Source: <sup>2</sup> MWH Engineering, 2004. The above adds inflation but does not include loss of low-interest loan financing or loss of money already spent, making an out-of-town project even more expensive.

## Q. Why is our low-interest loan so important to us right now?

**A.** Our low-interest loan is from the State Revolving Fund, America's largest water quality financing source. This year's federal budget proposal attempted to slash it by almost \$500 million – a 37% reduction from last year.

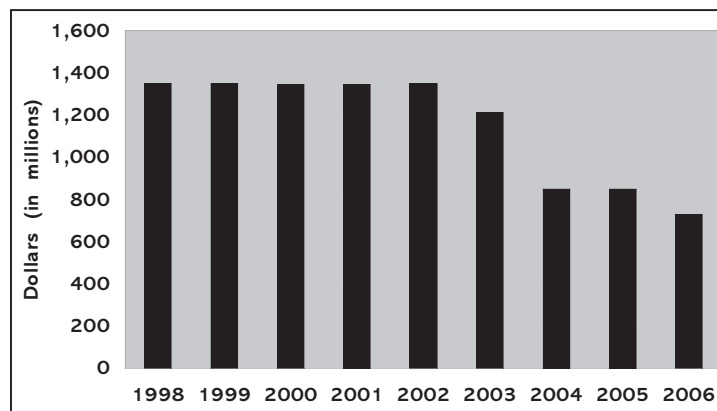
Aging infrastructure throughout California and federal cuts in this program will significantly increase the competition for these funds and reduce our chances of getting it again.

If we do not begin construction by September 20, 2005, the State Water Resource Board has indicated *“Los Osos will go to the end of the line and have to compete for the money.”*

Remember the *“good ole days”* when the Federal and State governments would have paid 87.5% of our project? Now, we all wish we could have taken advantage of that *“free money.”*

If we don't take advantage of our low-interest loan today, we may get nothing at all in the future. Are we willing to gamble again?

## Federal Capitalization of State Revolving Funds Is Decreasing



Source of budget numbers: <http://www.epa.gov/budget/>

**If you have signed the recall, and now want to UNsign. You can, it's easy! There are four ways. Forms are available at the Baywood Farmers Market on Mondays, and Vons and Ralphs on weekends, 12 - 4. You can phone 534-9226, or download the form at: [www.SaveTheDream.info](http://www.SaveTheDream.info)**

## Q. Has the LOCSD been successful in getting grants, loans, and cheaper financing?

**A. Yes.** The LOCSD has obtained grants and low-interest financing for the project. They have established a low-income assistance fund at the San Luis Obispo County Community Foundation to help Los Osos residents defray the costs of treating their wastewater. Tax deductible donations are gratefully accepted. Further, the LOCSD has successfully worked with our State Representatives to enact legislation which will allow the District to borrow money at sub-prime rates to help low income property owners. **Our community has lost grants and a \$65 million funding opportunity because of lawsuits and delays caused by Project opponents.**

### Grants Secured by the LOCSD

Amount	Source	Purpose
\$ 2,000,000	State Water Resource Control Board	Purchase, Broderson property
\$ 1,000,000	State Water Resource Control Board	Project Design
\$ 500,000	State of California	Fixture retrofit program
\$ 220,000	State of California	Evaluation of Groundwater Basin
\$ 200,000	U.S. EPA/STAG Grant Funding	Development of the HCP*
\$ 80,000	Calif. Dept. of Fish & Game	Development of the HCP*
\$ 60,000	California Resources Agency	HCP* Implementation
\$ 51,000	California Resources Agency	HCP* Implementation

\*HCP = Habitat Conservation Plan

### Loans Secured by the LOCSD

- The USDA has announced that it will issue low-interest loans to low income property owners to assist in funding lateral installation costs.
- AB706 will allow the LOCSD to loan funds to property owners to pay for lateral installation, became effective 1/1/04.
- State Water Resources Board approved our low-interest State Revolving Fund loan for the Project's construction.

### Funding Lost Due to Lawsuits and Delays Caused by Project Opponents

Amount	Source
<b>\$65 million</b>	Federal appropriations list
\$ 500,000	Proposition 12 Park Grant
\$ 50,000	Land & Water Conservation Grant

Source: Los Osos Community Services District

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**A recall will not move  
or stop the sewer, it will  
make it more expensive!**

The recall backers say their recall will stop the project. The State Water Board said they will **not consider** an alternative project or location because our low-interest loan ***is*** project- and site- specific for the current location. Any more delays mean the LOCSD would be fined \$10,000 per day, and go bankrupt in approximately 100 days. ***We'd lose local control.***

The County or State would then take over our Project, they will ***assume*** the permit and build the ***same*** Project in the ***same*** location. We'd lose our 2.6% loan and have to

pay 5.5%-6% interest instead, ***plus*** costs for delays and inflation on the construction costs.

**DON'T LISTEN TO GOSSIP.** Hear the facts for ***yourself***. Watch the Water Board meetings on Channel 20. They are aired 3 times a day, everyday: Mon., Wed., Fri. & Sat.: 9 am, 6:40 pm, 7:30 pm and 1 am; and Sun., Tues., & Thurs.: 10 am, 11 am & 10 am.

After you've seen for yourself, you'll **UNDERSTAND** why it makes sense to say **"NO!"** to the recall campaign.

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**For more information please call: 534-9226 or see us on the web at: [www.SaveTheDream.info](http://www.SaveTheDream.info)**