

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 1/13/2015	(3) CONTACT/PHONE John Waddell, Los Osos Wastewater Project Manager (805) 788-2713	
(4) SUBJECT Submittal of a resolution extending rebates for the Water Conservation Program for the Los Osos Wastewater Project, Los Osos. District 2.			
(5) RECOMMENDED ACTION It is recommended that your Board adopt the attached resolution Extending Year 1 Rebates for the Water Conservation Implementation Plan for the Los Osos Wastewater Project to December 31, 2017 or until the Project is fully operational, whichever comes first.			
(6) FUNDING SOURCE(S) Fund Center 430	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 1/28/14, #28	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 2			

Reference: 15JAN13-C-9

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works
John Waddell, Los Osos Wastewater Project Manager

VIA: Wade Horton, Director of Public Works

DATE: 1/13/2015

SUBJECT: Submittal of a resolution extending rebates for the Water Conservation Program for the Los Osos Wastewater Project, Los Osos. District 2.

RECOMMENDATION

It is recommended that your Board adopt the attached resolution Extending Year 1 Rebates for the Water Conservation Implementation Plan for the Los Osos Wastewater Project to December 31, 2017 or until the Project is fully operational, whichever comes first.

DISCUSSION

On September 20, 2006, then California State Governor Arnold Schwarzenegger signed Assembly Bill 2701 (Blakeslee) which allowed the County, at the Board's discretion, to assume responsibility for the development of a wastewater project in the community of Los Osos. After the County had secured all necessary permits and funding for construction of the project, bids were solicited for the collection system contracts in spring of 2012. Project construction work is ongoing and will continue through 2016 when the project will be ready for start-up and connection of sewer laterals from individual properties. Connections of sewer laterals are expected to continue into 2017.

The water conservation program began in October 2012 with the Board approval of the Implementation Plan. In the 26 months the program has been in progress there have been over 2,700 toilets replaced with ultra-low-flow fixtures and over 2,300 residences are confirmed in compliance with the Project's requirements for water conservation. In total, this represents approximately 40% of the residences in the prohibition zone.

The program includes rebates for the cost of new fixtures, with an incentive in Year 1 that includes higher rebate amounts to help cover the full costs of the installation and new fixtures. The higher rebate limits were included as an incentive for residents to complete their retrofits to water saver fixtures as soon as possible. The Year 1 incentives were extended through 2014 and staff is now recommending that the higher rebate amounts originally planned for Year 1 be continued through 2017 (Year 5) to provide rebates for all retrofits completed under the program. Staff recommends that the Year 1 rebate structure be continued through the end of 2017 for the following reasons:

- Since the original adoption of the water conservation program, an extreme drought and ongoing sea water intrusion in the Los Osos groundwater basin has further impacted the water supply of the community.
- Higher rebates for the additional years will continue to provide an appropriate incentive for property owners in the service area to retrofit to water saver fixtures.
- The higher rebates are designed to cover the full cost of retrofit for most typical homes. Extension of the Year 1 rebates will allow additional time for lower income residents to complete the retrofits with minimal personal financial impact.
- Water saver fixture rebate costs are lower than projected. A survey conducted in 2014 indicates that approximately 80% of the residences in the community are compliant with the program, while less than 25% of the \$5 million planned for the program has been expended.
- One of the goals of the water conservation implementation plan is to retrofit the entire service area to water saver fixtures. The extension of the rebates through 2017 will help in achieving this goal.

Maximum rebate amounts are as follows:

Table 1A-1 Measure 1A Rebates				
			Year 1	Year 2 and 3
Option 1: Customer Purchase	Toilet	Rebate	\$250	\$160
	Showerhead	Rebate	\$40	\$30
	Faucet Aerator	Rebate	\$5	\$5
Option 2: Bulk Fixture Purchase	Toilet	Rebate	\$110	\$0
	Showerhead	Rebate	\$10	\$0
	Faucet Aerator	Rebate	\$0	\$0
Rebate amounts are the maximum rebate, per fixture, for actual property owner (customer) expenses for the purchase price and installation costs of each fixture. Installation costs are only eligible for rebates when installed and invoiced by a licensed contractor.				

The attached Updated Water Conservation Implementation Budget table summarizes the program budget status through December 2014, for each program activity.

OTHER AGENCY INVOLVEMENT/IMPACT

The U.S. Department of Agriculture (USDA) and State Water Resources Control Board are jointly financing the Project. Numerous other federal, state and local agencies are involved in the Project. The Auditor-Controller-Treasurer-Tax Collector has provided guidance on recommendations related to budget and cash flow needs of the Project. County Counsel is providing legal guidance on all aspects of the Project and has approved the attached resolution as to legal form and effect.

FINANCIAL CONSIDERATIONS

The recommended action to extend water conservation rebates is an adjustment to the existing water conservation program that is within the planned program budget and within the Board approved budget for the project.

RESULTS

Approval of the recommended action will contribute to the County's goals of promoting safe, healthy and livable communities by promoting water conservation in Los Osos.

File: Los Osos WWP 300448.00.1.4

Reference: 15JAN13-C-9

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ATTACHMENTS

1. Exhibit A - Project Cost Estimates
2. Updated Water Conservation Implementation Budget
3. Resolution Extending Year 1 Rebates of the Water Conservation Implementation Plan for the Los Osos Wastewater Project through 2017