



December 1, 2022

TO: LOCSD Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 2B – 12/01/2022 Board Meeting
Request from S&T Mutual Water Company for an Emergency Water Hauling Agreement and Consideration of an Emergency Pipeline Intertie Project

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STAFF RECOMMENDATION

Motion:

I move that Board direct staff to:

- 1. Enter into negotiations for a formal water hauling agreement and, once developed, bring back the draft agreement for Board approval; and***
- 2. Pursue an emergency water interconnection between the two water systems with project updates provided at future meetings.***

DISCUSSION

Background

S&T Mutual Water Company (S&T) has been experiencing elevated nitrates in its only domestic well. Because of the levels of nitrates trending upward, S&T is requesting that the District consider two separate actions regarding emergency response and water supply.

Emergency Water Hauling Agreement

In the short term, S&T would like to negotiate a water hauling agreement that could provide emergency access to water supplies in the event of a well failure, spike in nitrates past the maximum contaminant level or other unforeseen events. The plan of action would be for the District and S&T to agree to terms for a preferred location for filling water trucks and an appropriate cost structure for the water. Staff is requesting approval to move forward with drafting an agreement and operational plan for water hauling for the Boards consideration at a future meeting.

Emergency Water Supply Intertie Project

Under a separate request, S&T is asking the District to consider a joint project to provide an emergency water supply connection between the two systems. They are looking for water supply redundancy, again, because of the circumstances surrounding their only well. There are many details to work through but in order for S&T to proceed with engineering and search for grant funding, they are requesting that the Board conceptually approve the project moving forward. Like the water hauling agreement, staff will participate in the planning and implementation of the project and will begin agreement negotiations, all of which will return to the Board for consideration at a future date.

FINANCIAL IMPACT

There are no direct financial impacts associated with the recommended action. Staff will work with S&T on a reimbursement agreement for costs associated with the District's Engineer and/or legal counsel time needed during the planning phase of the project.

Attachments

Attachment A: Letter from S&T requesting a Formal Agreement for the Provision of Emergency Water Supply

Attachment B: Letter from S&T requesting a Cooperative Agreement with Los Osos CSD to Pursue Emergency Interconnection between Two Systems



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11/15/2022

SUBJECT: Request for Formal Agreement between S&T Mutual Water Company (S&T) and Los Osos Community Services District (LO CSD) for the Provision of Emergency Water Supply in the Event of an S&T Water Outage or Failure of Only Supply Well

Dear Members of the LO CSD Board of Directors,

This is a formal request for an agreement between S&T and the LO CSD to allow S&T to rely on trucked water from the LO CSD in the event of an emergency water outage. The S&T water system has one operational well and needs to identify a reliable outside emergency water source to ensure continuous water supply to the S&T customers during an outage. To comply with the US EPA 40 CFR 142 and the Safe Drinking Water Plan for California (SWRCB 2021), S&T would like to add LO CSD as an emergency source of water for inclusion in our Emergency Operations Plan and within in our approved California water system Operating Permit.

The nature of the proposed agreement is to ensure that a plan of action can be established and relied upon by S&T if water needs to be retrieved from the LO CSD system and transported to the S&T water tanks. This contingency plan is needed to address supply uncertainty and the potential loss of our primary source of supply. The plan that will follow this formal agreement can be worked out as needed between LO CSD and S&T to address any operational considerations for the two systems.

The plan of action would be initiated through an S&T representative to an established point of contact from the LO CSD to inform the district of a need for water. The next action would be made by S&T to coordinate a potable water truck to collect water from the LO CSD's preferred location for transport to the S&T water storage tanks. An emergency water conservation notification would be disseminated to the S&T customers. Typical water trucks have a capacity between 4,000 and 6,000 gallons, and S&T would anticipate the need for 2-3 truckloads for each day the primary source was offline during emergency operations. Upon restoration of the S&T well, S&T would notify the LO CSD that water hauling was no longer needed. S&T would pay for the water taken during the emergency operations based upon an agreed upon cost structure that will be established by the two purveyors if this emergency water hauling request is approved by the LO CSD Board.

Please direct any questions or follow-up discussion to Beth Reineke by email: breineke@mnsengineers.com or by phone (805) 284-9011.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth E. Reineke".

Beth Reineke
S&T Mutual Water Company



PO Box 6391
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Voice mail: (805) 316-0640
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11/15/2022

SUBJECT: S&T Mutual Water Company (S&T) Formal Request for Cooperative Agreement with Los Osos Community Services District (LO CSD) to Pursue Emergency Interconnection between Two Systems

Dear Members of the LO CSD Board of Directors,

This letter is presented as a formal request by S&T to work with the LO CSD on a joint project to complete a physical emergency water supply interconnection between the two systems by way of a transmission pipeline. The proposed pipeline would need to be about 1 mile in length and could feasibly follow one of several preferred alignments to be presented to the LO CSD Board for consideration.

This project is urgently needed by the S&T system to address a lack of redundancy as the system has a single well remaining in operation. The three other groundwater sources in the system have been lost to nitrate contamination and seawater intrusion. The last well that is in service reached 8.0 mg/L nitrate (as N) in 2019, and projections of the current trend indicate the well might be out of service to due high nitrate levels in less than a decade.

Each of the potential pipeline alignments between the two systems pose challenges, and a full discussion of which option is most appropriate would follow the LO CSD's formal acceptance for the pursuit of such a connection. The estimated costs for this project are estimated to be about \$2.5 million. These costs are expected to be funded through grants where S&T will be the applicant, recipient and administrator and any funding awarded.

The water rate structure that will be applied to the wholesale connection once it is established should be agreed upon by the two purveyors prior to the commencement of any other major planning activities. There is a model in place where the wholesale pricing agreement follows the tier 1 rate for all levels of use throughout a billing period. This mechanism of pricing seems to be a straightforward and fair approach that S&T would like to propose as an option for strong consideration should the Board be in favor of this inter-agency agreement moving forward.

Please direct any questions or follow-up discussion to Beth Reineke by email: breineke@mnsengineers.com or by phone (805) 284-9011.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth E. Reineke".

Beth Reineke

S&T Mutual Water Company

