

LAFCO

Santa Barbara Local Agency Formation Commission

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Date: September 3, 2020 (Agenda)

To: Honorable Commissioners
Santa Barbara Local Agency Formation Commission

Consider Request for Time Extension for the Los Olivos Community Services District to Implement a Proposition 218 Assessment to Fund Wastewater Treatment Facilities

RECOMMENDATION.

That the Commission grant the Los Olivos Community Services District a one-year extension for the implementation of a Proposition 218 assessment to fund wastewater treatment facilities.

DISCUSSION

The Los Olivos Community Services District has requested that the Commission extend the time limit contained in Commission Resolution 17-04 to implement a Proposition 218 assessment to fund planning and construction work necessary to build a wastewater treatment system for the Los Olivos community. The assessment was due one year after the effective date of the District's formation. The condition of formation is set forth in Paragraph B(vii) is as follows:

"The District shall implement a Proposition 218 assessment within one year of the effective date as necessary to fund the wastewater treatment facilities for the area, including CEQA and other planning analysis, assessment study and necessary election. Santa Barbara LAFCO may otherwise extend such deadline, or other LAFCO approved arrangements are made for funding such construction."

The effective date of the District's formation was April 5, 2018; hence the assessment was originally due by April 5, 2019. The District's first request for a one-year extension was made on November 14, 2008 and approved by the Commission on December 6, 2018. The District made a second extension request on March 20, 2020. Unfortunately, due to extenuating circumstances, Staff did not bring this request to the Commission for approval. The District resubmitted its request in a second letter dated August 10, 2020, with the March 20, 2020 letter attached. (**Exhibit A.**) The District Interim General Manager Douglas Pike followed up with a phone call.

The two letters outline the extensive work done by the District to move forward with the wastewater treatment project. The District is requesting a one-year extension to complete the

Proposition 218 assessment process which, if approved, will run through April 5, 2021. In light of the District's efforts, Staff recommends the request be approved.

Please contact the LAFCO office if you have any questions.

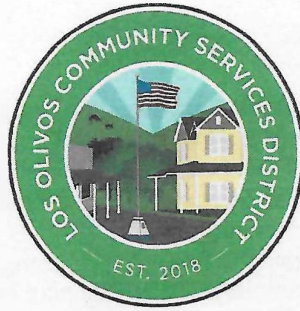


William Dillon
Interim Executive Officer

Exhibits

Exhibit A Los Olivos CSD letters dated March 20, 2020 and August 10, 2020 requesting extension.

Lisa Palmer, President
Tom Fayram, Vice President
Julie Kennedy, Director
Mike Arme, Director
Brian O'Neill, Director



August 10, 2020

William Dillon, Interim Executive Director
Local Agency Formation Commission
County of Santa Barbara
105 East Anapamu Street, Rm 407
Santa Barbara, CA 93101

SUBJECT: Los Olivos Community Services District Project Progress

Dear Mr. Dillon and Commissioners:

As you may recall, LAFCO officially issued a Certificate of Completion in the formation of the Los Olivos Community Services District on April 5, 2018, following the successful County certified vote on January 30, 2018. The District was created to be the governance structure for Los Olivos to address wastewater treatment requirements in the town.

The requirement to enact an assessment to fund a wastewater collection, treatment, and disposal system or systems to serve the community, has been graciously extended by LAFCO as we continue to demonstrate diligent progress in our mission to develop a community wastewater collection and treatment system for the District.

The District reports the following progress since our last update of March 20, 2020 (a copy of that letter is attached, as we believe, due to understandable circumstances, it was not agendaized or advanced to the Board):

The Los Olivos CSD Board continues to work to develop a cost effective wastewater solution for our community with a focus on the Phase 1 Wastewater Collection and Treatment System (downtown core), the development of Residential Onsite Wastewater Treatment System guidelines, and identifying a variety of potential funding sources to help pay for building and operating a collection and treatment system (see our Community Wastewater Program Project Description for more detail <https://www.losolivoscscsd.com/los-olivos-community-wastewater-program-project-description>).

Phase 1 Wastewater Collection and Treatment Project Update: The District Board has been diligently working to site and design a Phase 1 system, including:

- Worked with County Environmental Health Services to successfully secure \$180,000 in funding for:
 - Preliminary design services, including a Wastewater Load Study, estimating anticipated volumes and wastewater strength.
 - Development of a Groundwater Monitoring Plan and Preliminary Soils/Geotechnical Report.
 - Preliminary environmental services to determine potential impacts and mitigations required.

Los Olivos Community Services District, P.O. Box 345, Los Olivos, CA 93441, (805) 946-0431
losolivoscscsd@gmail.com www.losolivoscscsd.com

These three efforts are in the consultant selection and contract award process. We expect work for all three efforts to begin in August and September.

- Explore and narrow Wastewater Treatment Plant siting options. We have a preliminary understanding with the County of Santa Barbara and are seeking formal agreement for use of an existing excess road right-of-way parcel for this purpose.
- We have procured expert consultants to assist in preparing a Draft Assessment Engineer's Report to estimate project costs and recommend a financial plan including assessments. This is the foundation document for an equitable calculation of fair share assessments and will be subject to public hearings and a districtwide vote. This Report will be completed when design, construction and siting assumptions are solidly defined.
- We have continued coordination with the County, the Regional Water Quality Control Board, and community partners including the Santa Ynez River Water Conservation District – ID1 and Mattei's Tavern representatives. We meet monthly with the RWQCB staff.
- We are engaged with a consultant to assist the CSD in development of clear guidelines for on-going operation and maintenance of residential Onsite Wastewater Treatment Systems while the Phase 1 downtown core project is being evaluated, developed, and implemented.

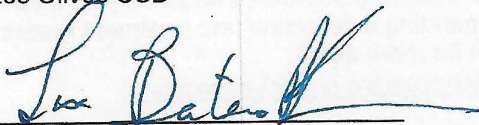
Grant & Funding Source Identification Update: The District has initiated a Grant Funding Application with the State Water Board and is evaluating and pursuing various funding programs and grant sources such as Proposition 68 with a desire to maximize our use of grant funds to pay for studies, design and construction costs.

Upcoming Director Elections - November 2020: In October 2019, the board took the required action of staggering director terms of office, with two board seats (Directors Tom Fayram and Julie Kennedy) now up for election in November 2020 and the remaining three seats in 2022. We have been proactive in mailings and emails to inform the residents of the District with our progress, and of their opportunities to participate.

We respectfully request, based on this progress report, that the LAFCO Board of Directors extend the LAFCO Resolution deadline to conduct Prop 218 proceedings for the Los Olivos Community Services District.

Thank you for your continued support of the Los Olivos CSD and our efforts to resolve ground water quality issues through developing an appropriate technical solution for our sewerage needs. If you have any questions, please contact me at (805) 680-2336 (or lisa@lpalmerconsulting.com) or Douglas Pike, Interim General Manager, at (805) 331-3553 (or dpike@mnsengineers.com.)

Sincerely,
Los Olivos CSD



Lisa Palmer
Board of Directors, President

Los Olivos Community Services District, P.O. Box 345, Los Olivos, CA 93441, (805) 946-0431
losolivoscsd@gmail.com, www.losolivoscsd.com

Tom Fayram, President
Lisa Palmer, Vice President
Julie Kennedy, Secretary
Mike Arme, Director
Brian O'Neill, Director



March 20, 2020

Local Agency Formation Commission

c/o Paul Hood, Executive Officer
County of Santa Barbara
105 East Anapamu Street, Rm 407
Santa Barbara, CA 93101

SUBJECT: Los Olivos Community Services District Project Progress

Dear Commissioners and Mr. Hood:

LAFCO officially issued a Certificate of Completion in the formation of the Los Olivos Community Services District on April 5, 2018, following the successful County certified vote on January 30, 2018. The District was created to be the governance structure for Los Olivos to address wastewater treatment requirements in the town.

The requirement to enact an assessment to fund a wastewater collection, treatment, and disposal system or systems to serve the community within one year of the effective formation date, was extended an additional year, after the District reported that the Board has worked diligently to set up the District and its administrative functions, including; hiring legal counsel, calculating and submitting assessments to the County for FY 2018-19, securing insurance, approving agreements with the County Auditor for use of FIN for the District finances, hiring an Interim General Manager, and completing a "Dry Period Funding" agreement with the County Treasurer's Office.

Additional Administration Tasks previously reported include formation of a standing Financial Subcommittee, refinement of the District's County Assessors roles and exclusion of exempt parcels, adoption of essential District policies, working with District citizens on a variety of septic questions and issues, and training and Form 700 Compliance. Additionally the District Board has formed an ad-hoc Technical Committee, mapped out technical options and a strategy for moving forward, developed a Three-Month Plan as well as a Three-Year Plan and MS Project Schedule.

The District has revamped the District Website in preparation for public workshops (See www.LosOlivosCSD.com). Public workshops dates are pending, but shall be in the near future.

The District would like to report the following progress since our last report in April, 2019:

1. Completion of a series of three community workshops to obtain public input in the development of a detailed project description. The adopted Project Description is attached.
2. Three consultant contracts have been awarded to perform the following tasks:
 - a. Grant Preparation for a State Revolving Fund application to the State Water Resources Control Board.

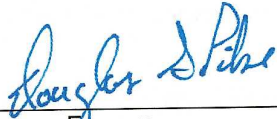
Los Olivos Community Services District, P.O. Box 345, Los Olivos, CA 93441, (805) 946-0431
losolivoscscd@gmail.com, www.losolivoscscd.com

- b. Hiring of an Assessment Engineer tasked to draft the Engineer's Report for the proposed new special assessment. This effort has produced a draft report, and identified gaps in data required to complete an accurate competent and fair assessment. The District has prioritised the development of data to fill these gaps.
 - c. Preparation of a "Los Olivos Supplement to the Local Area Management Plan (LAMP)" to provide focused answers to questions that have been brought forward regarding application of the LAMP within the Boundaries of the District during development of the new wastewater collection and reclamation facilities.
3. The District has coordinated closely with the Regional Water Control Board Staff, as well as the County Environmental Health Services Department to assure our path and approach is consistent with sound principals and good practice
 4. The District has worked with County EHS to procure cooperation and funding for the following efforts to be contracted with consultants within the next several months:
 - a. **Loading Study** to determine the expected flows and extent of commercial and residential BOD loading in the proposed wastewater collection and treatment system to determine the appropriate capacity of the planned treatment and reclamation facilities.
 - b. **Groundwater Monitoring Plan** to determine a regulatory acceptable strategy for defining baseline groundwater quality within the District, quantify the effectiveness of remedial measures associated with Phase 1 improvements in groundwater quality and form the basis for subsequent phases of the project, if necessary.
 - c. **Preliminary Environmental Report** to include an initial review of the environmental baseline of the project area to include, as a minimum, identification of regulatory limitations, prerequisite environmental, consideration of the engineering approach and other factors necessary in order to comply with applicable environmental State and Federal laws and requirements.
 5. The District continues to refine cost estimates, adjust the schedule, and communicate with key partners in the Phase 1 project area in the Commercial Zone within the District. This includes Matteis Resort.

We respectfully request that the LAFCO Board of Director's receive this progress report and extend our deadline to put a new assessment in place another year.

Thank you for your continued support of the Los Olivos CSD and our efforts to resolve ground water quality issues through developing an appropriate technical solution for our sewerage needs. If you have any questions, please contact me at (805) 448-7033 or tom.fayram.locsd@gmail.com or Douglas Pike, Interim General Manager, at (805) 331-3553 or dpike@mnsengineers.com.

Sincerely,
Los Olivos CSD



 Thomas Fayram
 Board of Directors, President

Douglas Pike For
Thomas Fayram



8-14-19

Los Olivos Community Wastewater Program Project Description

OUR PURPOSE

The Los Olivos Community Services District (District) was formed by voters in 2018 to provide a funding mechanism for the development, building and operation of facilities necessary to collect and treat wastewater in the unincorporated community of Los Olivos.

PROJECT GOAL

The purpose of the Los Olivos Wastewater Reclamation Program Project Description (Project Description) is to define a strategy to provide economically viable wastewater treatment and reclamation solutions to the residents and property owners within the District that meets public health needs and the regulatory requirements of the Regional Water Quality Board (RWQCB).

The Los Olivos Wastewater Reclamation Program is comprised of four distinct components, each being interdependent and implemented concurrently:

1. Development of Residential Onsite Wastewater Treatment System (OWTS) Requirements
2. Financial Outreach and Assistance for Program Development, Construction and Operation
3. Implementation of a Local Groundwater Monitoring Program; and
4. Phased Collection and Treatment

DEVELOPMENT OF RESIDENTIAL OWTS REQUIREMENTS

Currently, residential Onsite Wastewater Treatment System (OWTS) in Los Olivos are governed by the Santa Barbara County Public Health Department's (County EHS) Local Area Management Plan (LAMP).

Los Olivos residents who seek County EHS guidance on OWTS-related issues have been repeatedly met with ambiguous and indistinct direction regarding dwelling expansion, system failure, need for installation of an advanced treatment system (ATS), existing system maintenance and other issues and costs associated with requirements for connection to a community collection and treatment system.

To resolve this the District will develop a customized Local Area Management Plan (LAMP) that addresses the conditions specific to the Los Olivos Community Services District Area. This Plan will be similar to the County's LAMP but tailored to Los Olivos. This Plan will include local District standards and policies and provide clear guidance on OWTS matters including operations of conventional systems, routine maintenance, management of existing low and high-risk systems within the community, dwelling expansion, system failure, requirements and need for installation of an advanced treatment system (ATS) and requirements for connection to a community collection and treatment system.

The District's LAMP will endeavor to establish requirements that are equal in nature and application to those required for all County parcels based on existing site conditions.

The District will be charged with the administration of the RWQCB approved Los Olivos LAMP to include the State mandatory reporting requirements. Permitting and enforcement of the LAMP will remain with the County EHS through an agreement approved by the County and the District extending the County EHS authority to within the District.

The creation of a District governed LAMP benefits residents by enabling the District to seek out grants and low interest loans, competitive procurement of select vendors, and consortium-based pricing from service providers.

FINANCIAL OUTREACH AND ASSISTANCE

Concurrently, the District - having held Public Community Workshops which presented potential project alternatives, a project approach and Project Description - is now able to seek Local, State and Federal funding mechanisms to minimize property owners and business economic impacts associated with implementing the defined Program.

With this well-defined Project Description, the District will pursue available grants and funding for all elements and components of the Program.

Every potential source of funds will be explored to minimize any eventual Fee Assessment that must be established in accordance with State Law (Proposition 218), and as required by the Local Agency Formation Commission (LAFCO).

The District will also seek additional sources to augment these economic impacts that may include but are not limited to public-private partnerships (P3), identifying matching fund opportunities, Program Privatization, and commercial/private financing alternatives.

A public-private partnership (P3) is a cooperative arrangement between two or more public and private sector entities, typically long-term in nature. They are primarily used for infrastructure provision, such as the building and equipping of schools, hospitals, transport systems, water and sewer systems.

IMPLEMENTATION OF A LOCAL GROUNDWATER MONITORING PROGRAM

The District remains committed to proactively work with the residents of Los Olivos, regulatory community and other stakeholders to develop an economically acceptable, technically feasible and timely solution to the potential impacts OWTS density has in our community.

However, one of the basic tenants to this approach is dependent on the development and implementation of a comprehensive groundwater monitoring program. Historical assessments, plans and feasibility studies developed specifically for Los Olivos validate the need for further groundwater characterization in order to:

- Determine the nature and extent of groundwater impacts associated with OWTS in and around the Community of Los Olivos,
- Investigate known upgradient sources impacting groundwater quality in Los Olivos,
- Provide information to address data gaps associated with site specific conditions and critical modeling considerations including infiltration rates, permeability and other geological, hydrological and geotechnical parameters not currently available, and
- Establish baseline conditions that can be utilized to monitor the effectiveness of treatment and mitigation measures implemented in the Los Olivos Community.

The District will work closely with the Santa Barbara County Environmental Health Services (EHS) and the Regional Water Control Board (RWQCB) to develop and finance a groundwater monitoring work plan that establishes the number, type and locations for monitoring locations, a suite of analytical and geotechnical sampling parameters, along with frequency and reporting requirements.

Once the work plan is approved, installation of monitoring points and ongoing monitoring will occur. The results of the initial and ongoing monitoring will be used to influence subsequent treatment phases, if necessary, within the District.

The analytical and geotechnical data obtained during groundwater monitoring point installation, will also be used to identify and site locations favorable for aquifer recharge and existing contaminant mitigation.

PHASED COLLECTION AND TREATMENT

Historic documentation establishes the fact that there are a large number of small to very small lots in the Los Olivos Commercial Core, areas of high OWTS density and historic records of system failures. These factors may contribute to groundwater impacts from nitrate migration from OWTS.

This Commercial Core area has been selected as the location for the initial phase (Phase I) under this Program. The Commercial Core has been identified as the area of highest density, use (volume) and nitrate loading and has been recommended for action in multiple reports specific to OWTS impacts in Los Olivos. Subsequent phases into adjacent high-density areas will be determined by the results of groundwater monitoring.

The Commercial Core area is easily defined by Zoning (C-2), easily expanded, centrally located and its topological nature allows for the most expedient, least complex and economically acceptable setting to initiate this Program.

The District will design, site, permit, procure, construct and manage a Los Olivos Wastewater Reclamation Facility to include the associated collection and transport infrastructure required to provide economically viable wastewater treatment and reclamation solution to District residents and property owners. This system will address public health needs while also meeting the regulatory requirements of the RWQCB.

Adjacent properties outside the C-2 zone, will be permitted to connect to the system at their own cost and as capacity allows.

Treatment Facility

The proposed Treatment Facility will be consistent with the polices and development standards of the Santa Barbara County Comprehensive Plan, including the Santa Ynez Valley Community Plan and the Santa Barbara County Land Use and Development Code.

The system will be designed for potential future expansion and to provide treatment that improves wastewater quality before it is reused, recycled or discharged to the environment. Reclaimed wastewater would be treated to levels compliant with California Code of Regulations (CCR), Title 22 discharge requirements to allow for:

- Beneficial reuse through underground infiltration
- Groundwater recharge
- Strategic flushing of existing nitrate/contaminates
- Local irrigation as site conditions allow

Because the project will generate in excess of 10,000 gallons per day, exceeding the 10,000 gallons per day County EHS limit, it will be under the jurisdiction of the Central Coast Regional Wastewater Quality Control Board, who would be the lead regulator agency, review the system and issue all appropriate permits.

The treatment facility will be comprised of a high-efficiency, low odor, expandable Membrane Bioreactor (MBR) package plant sized to serve Phase I needs and sited to accommodate modular expansion should further study warrant a facility expansion. The facility will be operated by a California licensed and properly trained wastewater treatment plant operator, who will be responsible for ensuring proper operation and maintenance of plant equipment as well as required reporting.

The architectural style will be consistent with the historical architectural details of Los Olivos. Roof materials will consist of earth tone colors and landscaped to blend in locally to reduce visual impacts.

Collection System

The collection system will include a subsurface wastewater collection structure consisting of gravity pipelines, lift stations as required, and effluent handling facilities returning drinking water quality reclaimed water to customers or the groundwater basin for beneficial reuse.

The collection system “backbone” will consist of underground gravity sewer pipe that will be strategically placed under community streets and alleys to allow for the closest possible connection to parcels in the high-density water use areas of the downtown C-2 Commercial Core and small-lot residential parcels near the downtown core. Maintenance holes and an “end of the line” lift station will be provided, with an associated force-main (pressure main) to move the wastewater to the MBR package plant for treatment, as necessary.

Structures will be connected to the District-owned collection system via privately owned laterals. Existing septic systems and leach fields will be abandoned as required by local codes. Certain laterals may be successfully connected with gravity flow while many may require small private grinder pumps to move the sewage into the collection system.

District participation in lateral, grinder pump and septic abandonment costs would depend on grant and funding sources.

Potential expansion of the collection system, as with the treatment system, will be determined based on results of the groundwater monitoring and in coordination with the RWQCB.

Operations and Maintenance

The collection and treatment systems will be operated and maintained initially by contract system operators. System costs will be shared in an equitable manner by those connected to and benefitting from the facility. The District will review and consider established formulas for this participation that may include zoning, water-use, fixture unit counts, etc.

Parcels not connected initially will be subject to the District’s LAMP and will contribute to the cost of management, inspection and enforcement of this plan and operating costs of the District.

Ongoing monitoring and reporting will occur in accordance with operating and discharge permits required by the Board.

Treatment Facility Siting

The District will procure a site for the package plant. Siting factors will include:

- Availability of land,
- Surface and subsurface suitability,

- Economics of procurement,
- Proximity to the collection system and effluent discharge locations, and
- Local, state and federal requirements.

Location and siting of the facility remains under examination. Given the above siting factors, the District prefers that the location be within District boundaries and south of State Route 154. Currently, potential locations include:

- County parcels
- County Right of Ways
- Institutional parcels including churches and schools
- Commercial parcels, and
- Private land

Construction Implementation and Timing

Construction will generally consist of the following phases:

1. Project planning, preliminary design, environmental documentation preparation and review, and permitting.
2. Preliminary design, budgeting, and initiation of the Proposition 218 assessment process.
3. Final Design, including preparation of plans, specifications and estimates. The package plant will be a "design build" component.
4. Advertising and bidding of the various components. The District will procure professional and construction services in accordance with the State Contracting Code. The package plant will be built offsite, most other components will be built by contractors on-site.
5. Service lateral connections will be coordinated with and completed in conjunction with sewer trunk-main installation.
6. Package plant start-up.
7. System Operation and Maintenance.

Construction timing will be affected by many factors, including funding process, environmental process, and construction duration. Lateral connection is anticipated to require significant property owner participation and cooperation.

The District anticipates a minimum of three years to design, review, permit, finance and construct the complete Phase I project.