

# State Water Resources Control Board

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## STATE WATER BOARD TO DISCUSS LOS OSOS CONSTRUCTION LOAN

**SACRAMENTO** - The State Water Resources Control Board is determined to end ground water pollution in California, use financial resources to quickly eliminate sources of pollution and make sure that state dollars are not wasted.

In a case involving hundreds of outdated septic tanks in coastal San Luis Obispo County, payments under California's \$135 million State Revolving Fund loan funding of sewer construction have been stopped because of the refusal by the Los Osos Community Services District (CSD) to build its waste water treatment plant as planned and contracted.

Rather than terminate the loan immediately and reallocate the money to another town with a viable water quality project, the State Water Board is taking up the Los Osos question at its regular once-a-month meeting tomorrow, Wednesday November 16<sup>th</sup>. The Board is likely to discuss conditions under which the Los Osos CSD can retain funding and build its sewer system and treatment plant as planned. Two State Board members have worked with Assemblymember Sam Blakeslee on conditions that would be fair to Los Osos residents, protect California's water supply and guard state taxpayers' money, which would be put at risk if Los Osos failed to use the loan money properly or to repay the state loan.

Conditions likely to be approved tomorrow by the state board include:

1. The CSD files papers (amicus brief) with the appellate court in support of striking Measure B (the local initiative that blocks construction of the treatment plant as approved in the loan contract.)
2. The CSD takes immediate steps to mitigate the problem with the septic tanks. It can do this by paying to pump out high-risk septic systems in Los Osos.
3. The CSD submits evidence of sufficient liquid collateral (e.g. a bond) to cover all state money paid for the non-treatment works aspects of the project (i.e., the collection system). (This is necessary to protect the state's money in the event of nonpayment or nonconstruction.)

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## 2-2-2 Los Osos

4. The CSD agrees to drop outstanding legal challenges and refrain from commencing legal challenges against the State Water Board as they relate to this matter.
5. On being satisfied with the bond or other source of security, the State Water Board will amend the State Revolving Fund contract if necessary to reflect the new security source and will start making loan payments again.
6. The CSD will continue work on all aspects of the project that do not conflict with Measure B, up to the limit of the bond or other source of security.
7. The CSD will continue to work against Measure B. If not stricken down in a timely fashion by the courts, the District will hold another election with the aim of repealing Measure B.
8. As soon as Measure B is no longer an obstacle, the CSD will recommence work on the treatment plant at the Los Osos (Tri-W) site as called for in the original plans and loan agreement.

Assemblymember Sam Blakeslee commented, "The SRF loan is critical to Los Osos. Despite many roadblocks and challenges, the State Water Board has developed a phased approach, that if implemented, will protect the goals of clean water and fiscal responsibility. I am committed to seeking the most expeditious and least litigious approach for resolving this long standing sewer debate."

Tomorrow's State Water Board meeting will be available in both audio and video on the Web at <http://www.calepa.ca.gov/broadcast/>.

The terms outlined above are simply under discussion currently and are not official until/unless discussed and approved by the Board in open meeting.

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