



March 7, 2024

TO: LOCSD Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 6B– 3/7/2024 Board Meeting

Conceptual Approval of Entering into an Agreement with S&T Mutual Water Company (S&T) to Provide Emergency Water System Response Services and Routine Maintenance.

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STAFF RECOMMENDATION:

Staff recommends that the Board adopt the following motion:

Motion: I move that the Board:

- 1. Conceptually approve entering into an Agreement with S&T Mutual Water Company to Provide Emergency Water System Response Services and Routine Maintenance; and***
- 2. Direct staff to bringing back to the Board a draft agreement for discussion and approval.***

DISCUSSION:

Background

In December 2022, the Board approved pursuing an emergency water intertie between the S&T and District water systems. In June 2023, the Board conceptually approved S&T's financial participation in the District's Program C Well Project to compliment the intertie project. The dialogue on both of these projects has continued since that time; more information will be provided to the Board once S&T determines the final direction they wish to pursue.

One of the outcomes of the continued dialogue has been the identification of some emergency and operational needs the District may be able to assist S&T with. There has been an informal mutual aid understanding between the two parties in the event there was emergency circumstance that the District could aid in. To date, there has not been any request for assistance.

S&T's Request for Service

S&T provided a brief description (attached) of their request for emergency assistance and the type of routine maintenance they are requesting. The actual form of any agreement is yet to be determined but could be a Memorandum of Understanding or actual contract for service. S&T fully understands that the cost for services would be consistent with full cost recovery plus administrative overhead. Staff would propose using the District's cost recovery charges for work outside of normal operating procedures which includes salary and benefits for staff, overtime rates, equipment use rates, materials cost and administrative overhead. All of this would be incorporated into any agreement and presented to the Board if the Board approves moving forward.

FINANCIAL IMPACT

There is no direct financial impact to the recommended action at this time.

Attachment

S&T Mutual Water Company's description for services

DESCRIPTION

S&T Mutual Water System is a Los Osos water system within the boundaries of the LOCSD service area. In December 2022 S&T approached the Board to request that the LOCSD and S&T work jointly to explore the option of connecting S&T to the LOCSD through pipeline. The Board approved time for these discussions to take place.

S&T is now requesting that a Memorandum of Understanding (MOU) be considered by the Board to allow for LOCSD Operations to respond to emergencies in the event that S&T has too few personnel or are not available to do so. S&T would reimburse the LOCSD for any time and materials that were charged in addition to an administrative fee for the processing of these fees and resources.

S&T would also like to include the use of staff and the LOCSD valve turning machine to exercise their 26 system valves on a recurring basis. The work to complete this task for all the S&T system valves is expected to be from one to two days dependent on the condition of the valves. This work would also aid the LOCSD in becoming familiar with S&T's system components in the event that an emergency shutdown using these valves is very needed.