



February 6, 2025

TO: Los Osos Community Services District Board

FROM: Ron Munds, General Manager

**SUBJECT: Agenda Item 3B – 02/06/2025 Board of Directors Meeting
Revising the Intent/Will Serve Process**

STAFF RECOMMENDATION

President

Christine M. Womack

Vice President

Matthew D. Fourcroy

Directors

Charles Cesena
Tom Cross
Richard Hubbard

General Manager

Ron Munds

District Accountant

Robert Stilts, CPA

Unit Chief

John Owens

Battalion Chief

Paul Provence

Staff recommends that the Board adopt the following motion:

Motion:

I move that the Board approve the revised Intent/Will Serve Letter policy and procedures.

DISCUSSION

With the approval of the Los Osos Community Plan by the California Coastal Commission, the approval of the Habitat Conservation Plan by the County Board of Supervisors and the passage of the amended Growth Management Ordinance allowing limited new development, it is anticipated that the District will be receiving requests for Intent/Will Serve Letters in 2025. In preparation for this activity, staff have reviewed the existing intent and will serve process to see if it needs updating since it hasn't been revised since 2002.

Staff reached out to the County's planning and building staff to review their permit application requirements to see how they align with the District's existing procedures. Staff also assessed the workflow of the procedures to see if any changes were warranted. Based on this review and input from the Utilities Advisory Committee at three separate meetings, this report summarizes the recommended revisions to the District's process to issue Intent/Will Service Letters.

Revisions to the Policy and Application Procedures

As noted above, staff met with County staff to better understand their building application process. There are some timing issues that became apparent when the County and the District accept an application. The County requires the applicant to have some sort of indication that the water purveyor intends or will serve a property with water at the time of application. Currently, the District requires Board approval before accepting an application. It is further complicated if the applicant's parcel requires a Coastal Development Permit prior to applying for a building permit. Like the building application process, the County requires something in writing from the water purveyor before processing an application. The following section of the report discusses revisions to the District's processes that attempt to address the timing issue for Intent to Serve Letters and other procedures to make the process more efficient.

Proposed Changes in District Policy and Procedures for Application for District Water Service

As noted above, the current policy and procedures are for all Intent to Serve Letters to be approved by the Board on a case-by-case basis which is time consuming for both the Board and staff. Additionally, the water supply

Mailing Address:

P.O. Box 6064
Los Osos, CA 93412

Offices:

2122 9th Street, Suite 110
Los Osos, CA 93402

Phone: 805/528-9370

FAX: 805/528-9377

www.losososcsd.org

conditions have changed dramatically since the current policy and procedures were approved in the early 2000's. There are two significant changes being recommended; the first is that, annually, the Board receives a report on water supply and makes findings to approve or deny receiving applications for new water service for the upcoming year.

The Utilities Advisory Committee (UAC) helped develop the following policy statement and procedures to help guide the Board's decision-making process and assist staff with processing applications:

Proposed Policy Statement

The intent of the following policy statement is to provide the Board with the information needed to make an informed decision on approving or not approving new development within the District water service area.

The Los Osos Community Services District (District) is committed to establishing safe drinking water and reliable water service to properties within the District's water service boundary. To ensure the availability of water supply to serve new developments, annually, the Board of Directors (Board) will consider approving findings based on the criteria in the Water Shortage Contingency Plan and the recommendations and information contained in the Basin Management Committee's annual groundwater monitoring regarding the Los Osos Groundwater Basin's ability to support any new development. If the Board is unable to make the determination on water supply availability based on the aforementioned information, the Board will defer accepting applications for new water service until a time favorable findings can be approved.

Proposed Procedures

The proposed procedures clarify the General Manager's role and the information that will be presented to the Board annually at the June Board meeting to support any findings to be made regarding new development in the upcoming year.

At the June Board meeting each year, the General Manager will present a report summarizing the climatic conditions from the previous rainy season and the basin metrics and recommendations from the Los Osos Basin Management Committee's annual groundwater monitoring report. Based on this information, a recommendation will be made to the Board on whether new development applications will be accepted by the District in the following calendar year.

If the Board determines that new development can proceed during any given year, the District will only provide water service to projects that have complied with all the terms, conditions, rules and regulations of the District and other agencies having jurisdiction over the project.

The second significant change being proposed is if the Board makes the determination that new water service applications will be accepted during an upcoming year, single-family and duplex projects will be considered routine and not require Board approval for an Intent to Serve Letter. Larger multi-family and commercial projects will need Board approval to move forward. This change will assist applicants in meeting the timing and submittal requirements of the County and streamline the process for both the Board and staff.

To clarify and streamline the process for the public, staff developed the following supporting materials:

1. Application for Water Service Policy and Guidelines- this would replace the existing policy and guidelines which are attached to the report.
2. Development Service Summary- this provides step-by-step guidance for applicants moving through the process.
3. New application form- the application form has been revised and updated to reflect the proposed changes made to the process.

The purpose of these materials is to provide clear directions to applicants on the process to establish water service with the District.

Development Fees & Charges

In the short term, the District will need to update the new development schedule of fees to reflect changes in staff and material costs. Staff will be recommending in the 2025-26 budget that the District enlists the services of a consultant to develop updated capacity and connection fees based on current conditions, upcoming capital expenditures and to be consistent with state law.

Attachments

Application for Water Service Policy and Guidelines

Development Service Summary

New application form

Current Water Service Policy and Guidelines

**LOS OSOS COMMUNITY SERVICES DISTRICT
APPLICATION FOR DISTRICT SERVICE
POLICY AND GUIDELINES**

POLICY STATEMENT

The Los Osos Community Services District (District) is committed to establishing safe drinking water and reliable water service to properties within the District's water service boundary. To ensure the availability of water supply to serve new developments, annually, the Board of Directors (Board) will consider approving findings based on the criteria in the Water Shortage Contingency Plan and the recommendations and information contained in the Basin Management Committee's annual groundwater monitoring regarding the Los Osos Groundwater Basin's ability to support any new development. If the Board is unable to make the determination on water supply availability based on the aforementioned information, the Board will defer accepting applications for new water service until a time favorable findings can be approved.

PROCEDURES

At the June Board meeting each year, the General Manager will present a report summarizing the climatic conditions from the previous rainy season and the basin metrics and recommendations from the Los Osos Basin Management Committee's annual groundwater monitoring report. Based on this information, a recommendation will be made to the Board on whether new development applications will be accepted by the District in the following calendar year.

If the Board determines that new development can proceed during any given year, the District will only provide water service to projects that have complied with all the terms, conditions, rules and regulations of the District and other agencies having jurisdiction over the project.

GUIDELINES

A. APPLICATIONS

- (1) Prior to accepting application for processing the applicant shall pay the appropriate application fee.
- (2) Applications shall be in writing signed by either the owner, or the owner's architect or engineer and include three separate sets of the following:
 - (a) The project location;
 - (b) A site plan that shows the approximate square footage, the number of stories, the site topography and an estimate of the number of water fixtures to serve the project;
 - (c) The name and address of the project contact person.

B. APPLICATION REVIEW AND FEES

The applications will be reviewed by Utility Department and General Manager. Additional information may be requested from the applicant upon completion of the review. Applicable fees must be paid at the time of submittal of the application.

C. "INTENT-TO-SERVE" LETTERS

Board approval is required for the following type of projects:

- More than two dwelling units
- Higher than currently permitted housing density
- Commercial developments

Intent-to-Serve letters for these type of projects shall be approved by the Board of Directors based on a finding that sufficient capacity exists to serve the project.

All "Intent-to-Serve" Letter shall include the following:

- (1) Conditions for service.
- (2) If applicable, all easements and dedications required for District service have been delivered to the District.
- (3) That District service is conditioned on applicant paying all District fees and charges relating to the project and complying with the terms and conditions, rules and regulations of the District.
- (4) That the District service is conditioned on the applicant complying with all the terms, conditions, rules and regulations of other agencies that have jurisdiction over the project.
- (5) The "Intent-to-Serve" Letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District. This "Intent-to-Serve" Letter may be revoked as a result of a determination by the Board on water resource availability, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors.
- (6) That unless sooner terminated this "Intent-to-Serve" Letter will terminate within two (2) years from the date of issuance.
- (7) This "Intent-to-Serve" Letter shall not be interpreted as the District's Board of Directors endorsement of the project.

D. EXTENSIONS AND TRANSFERS

- (1) Upon application of owner prior to termination and for "good cause" the Board of Directors may extend the termination date of an Intent to Serve Letter on the same or amended terms and conditions.
- (2) Prior to termination, an Intent to Serve Letter may be transferred to a

successor-in-interest in the property to be served, on the following terms and conditions:

- (a) The application is signed by the current owner;
- (b) The successor-in-interest acknowledges and agrees in writing to the terms and conditions of the Intent to Serve Letter, and;
- (c) The date of recording of the new deed is the date of the transfer.

E. "WILL-SERVE" LETTERS

"Will-Serve " Letters are evidence of the District's commitment to provide service to the project consistent with District's rules and regulations. "Will-Serve" Letters will be issued administratively upon the applicant paying all District fees and charges related to the project and complying with all terms and conditions of the District's "Intent-to-Serve" Letter. "Will-Serve" Letters will contain the following language:

- (1) District service is conditioned upon the applicant complying with all terms, conditions, rules and regulations of agencies that have jurisdiction over the project. The District reserves the right to demand evidence of compliance as a condition to either set the water meter or provide continued water service.
- (2) This "Will-Serve" Letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District. This "Will-Serve" Letter may be revoked as a result of conditions changed by ordinance, resolution, rules, or regulations adopted by the Board for the protection of health, safety, and welfare of the District and it's residents.

The General Manager has the discretion to accept a cash deposit, letter of credit, or other securities acceptable to the General Manager as faithful performance for unfulfilled conditions that can be fulfilled by the payment of money.



LOS OSOS COMMUNITY SERVICES DISTRICT

DEVELOPMENT SERVICE PROCEDURE SUMMARY

The following is only a summary of the District's Development Service Procedure. Please refer to the District's Code, Policies, Procedures and Standard Specifications for details of the District's requirements.

1. DEVELOPER/APPLICANT:

- Submit a complete, signed, Intent-to-Serve letter application including three (3) sets of 24" by 36" site maps and one (1) 8 ½" x 11" site map as well as pay applicable application fee. Residential and commercial project applications must include the number and size of meters requested. Commercial projects must also estimate annual water demand in acre-feet per year.

Note: Request to transfer existing, valid Intent to Serve (ITS) letters to new owners must be made in writing to District for approval. **New owner must acknowledge conditions of ITS in writing.** The District may revise and/or update approval conditions.

2. DISTRICT:

- The request is submitted to the Board of Directors for consideration if project is more than two dwelling units, higher than currently permitted housing density or commercial. Smaller projects are considered by General Manager.
- If approved, an Intent-to-Serve letter with conditions will be issued.
- Intent-to-Serve letters expire two (2) years from date of issue.

3. DEVELOPER/APPLICANT:

- Intent-to-Serve letter is not effective unless District receives signed Intent-to-Serve letter within 30 days of issuance.
- Applicable fees must be paid at the time of application for water service.
- Submit three (3) sets of improvements plans for District review showing the applicable water off-site and on-site improvements, in accordance with current *County of San Luis Obispo Public Improvement Standards*.

4. DISTRICT:

- Plans reviewed and mark ups returned to applicant.
- Depending on the applicant's schedule, complexity of the project and compliance of the project plans with the County's Public Improvement Standards, steps 3, 4 and 5 can take a period of months.

5. DEVELOPER/APPLICANT:

- Improvement plans incorporating District corrections, if any, are completed and returned to the District.
- Submit proof of Cal Fire approval of plans as well as all utility approvals.

- When plans are ready for District approval, Applicant shall provide District with three paper sets of the final drawings for approval.
- All easements required by District, if applicable, shall be offered to and accepted by District PRIOR to District approval of improvement plans.

6. DISTRICT:

- District Engineer and/or General Manager approves plans.

7. DEVELOPER/APPLICANT:

- Upon written request, connection fee estimate is provided (based on approved plans).
- Pay estimated fees.

8. DISTRICT:

- Once estimated connection and meter fee deposit are paid, and conditions of Intent-to-Serve letter are met to District satisfaction (if applicable, bonding for incomplete off-site improvements is required), a Will-Serve letter is issued. The General Manager has the discretion to accept a cash deposit, letter of credit, or other securities acceptable to the General Manager as faithful performance for unfulfilled conditions that can be fulfilled by the payment of money.
- District issues a Notice to Proceed.

9. DEVELOPER/APPLICANT:

- Schedule a pre-construction meeting.
- Applicant's engineer to provide daily inspection and serve as engineer of record.
- Request for District presence at specific construction milestones (e.g. pipe installation, final inspection) shall be made 48 hours in advance.

10. DISTRICT:

- District staff will inspect the site during construction phase.
- Upon written request for final sign-off/inspection, a "Punch List" will be provided by District.

11. DEVELOPER/APPLICANT: When the applicant completes all required improvements and is ready for the District to accept the project the following must be completed:

- Pay final connection and meter fees, if required.
- All conditions of Intent-to-Serve letter satisfied.
- Corrected Punch List, with final signature from District inspector.
- Reproducible "As Builts" of Utilities – A mylar copy and PDF file(s) which include engineer, developer, parcel number and water improvements
- Offer of Dedication if applicable
- Engineer's Certification
- A summary of all water improvement costs
- Recorded Assessor's Parcel Numbers and street addresses
- Written request for meter(s)

12. DISTRICT:

- If applicable, resolution of acceptance is presented to the Board.
- District accepts improvements.
- Water meters set upon proof of issuance of County of San Luis Obispo Building permit.
- Applicable water charges begin the day the meter is set.



LOS OSOS COMMUNITY SERVICES DISTRICT

2122 9th Street Suite 110 Los Osos, CA 93402
POST OFFICE BOX 6064 Los Osos, CA 93412
(805) 929-1133 FAX (805) 929-1932
Website: losososcsd.org

Office use only:
Date and Time
Complete
Application and
fees received:

INTENT-TO-SERVE APPLICATION

1. SLO County Planning Department/Tract or Development No.: _____

2. Attach a copy of SLO County application.

Note: District Intent-to-Serve letters expire two (2) years from date of issue, unless the project's County application is deemed complete.

3. Project location: _____

4. Assessor's Parcel Number (APN) of lot(s) to be served: _____

5. Owner Name: _____

6. Mailing Address: _____

7. Email: _____

8. Phone: _____ FAX: _____

9. Agent's Information (Architect or Engineer):

Name: _____

Address: _____

Email: _____

Phone: _____ FAX: _____

10. Type of Project:

<input type="checkbox"/> Single-family dwelling units or Duplex	<input type="checkbox"/> Multi-family dwelling units (3 or more dwelling units)
<input type="checkbox"/> Commercial	<input type="checkbox"/> Mixed Use (Commercial and Residential)

11. Total Number of Dwelling Units _____

12. Site Plan:

For projects requiring Board approval, submit six (6) standard size (24" x 36") copies and one reduced copy (8½" x 11"). Board approval is needed for the following:

- more than two dwelling units
- property requiring sub-divisions
- higher than currently permitted housing density
- commercial developments

All other projects, submit three (3) standard size (24" x 36") and one reduced copy (8½" x 11").

Show parcel layout, water service line and meter location, and general off-site improvements, as applicable.

**LOS OSOS COMMUNITY SERVICES DISTRICT
Intent to Serve Application**

13. San Luis Obispo County New Development Requirements- Los Osos:

Applicants are responsible for understanding and complying with the San Luis Obispo County (County) new development requirements for Los Osos including but not limited to provisions in County code 26.01.070(11) and 19.07.042(8).

14. Fees: Applicable fees must be paid at the time of application.

15. **Agreement:**

The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of persons and property; that this requirement shall apply continuously and not be limited to normal working hours; and the Applicant shall defend, indemnify, and hold the District and District's agents, employees and consultants harmless from any and all claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities arising out of the performance or attempted performance of the work on this project; except those claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities resulting from the negligence or willful misconduct of the District.

Nothing in the foregoing indemnity provision shall be construed to require Applicant to indemnify District against any responsibility or liability or contravention of California Civil Code §2782.

Application Processing Fee..... See Attached Fee Schedule

Date _____ Signed _____
(Must be signed by owner or owner's agent)

Print Name _____

LOS OSOS COMMUNITY SERVICES DISTRICT
Intent to Serve Application

NEW DEVELOPMENT FEES AND CHARGES
May 2021

PROJECT DEVELOPMENT			
Staff Consultation	(per hour)	\$	60.00
Will-Serve Process <i>(Includes services listed below)</i>	Deposit	\$	750.00
	Preliminary and Construction Project Meeting(s)		
	Plan Check and Review		
	Site Inspection(s)		
Will-Serve Application SFR per Unit <i>(Non-refundable, plus T&M)</i>		\$	195.00
Complex Will-Serve <i>(Non-refundable, plus T&M)</i>		\$	290.00
NEW PROJECT DEVELOPMENT			
New Water Service connection Fee			
	Single Family Residential	\$	2,584.00
	Multi-Family Residential (per unit)	\$	1,938.00
	Mobile Home (per unit)	\$	1,292.00
Non-Residential Based on Meter Size			
	1 Inch or less	\$	2,584.00
	1.5 Inch	\$	8,605.00
	2 Inch	\$	13,773.00
	3 Inch	\$	30,155.00
	4 Inch	\$	51,680.00
	6 Inch	\$	107,675.00
Effective 5/2021			

Timing of Fee

- A. For single family residential and duplex projects, the Application Fee is due and payable with the application for service.
- B. For residential units with three (3) units or more and all commercial projects and mixed use projects, any remaining fees for service, including charges for District consultants in processing the application (if applicable), is due and payable prior to the District issuing a "Will-Serve Letter" or entering into a Plan Check and Inspection Agreement, whichever occurs first.

**LOS OSOS COMMUNITY SERVICES DISTRICT
APPLICATION FOR DISTRICT SERVICE
POLICY AND GUIDELINES**

POLICY

The Los Osos Community Services District (District) will only provide services to projects that have complied with all the terms, conditions, rules and regulations of the District and other agencies having jurisdiction over the project. Except for cases of extreme hardship the District will only consider applications for all District services applicable to the project.

GUIDELINES

A. APPLICATIONS

(1) Prior to accepting application for processing the applicant shall pay the appropriate application fee.

(2) Applications shall be in writing signed by either the owner, or the owner's architect or engineer and include the following:

(a) The project location;

(b) Five (5) separate sheets of a site plan that shows the approximate square footage, the number of stories, the site topography and an estimate of the number of water fixtures to serve the project. The fire department will need 2 copies. One will be kept on record at the fire prevention bureau, the other will be returned with fire department letter of approval, and any comments on the site plan.

(c) The name and address of the project contact person.

(d) A statement that the applicant has been provided a copy of this policy.

B. ROUTING OF APPLICATIONS

The applications will be routed first to the Fire Department, then the Utility Department. Each Department may request additional information from the applicant. Upon review by the fire department, the following determinations shall be made:

1. Confirm that the plans provide sufficient information to determine if an automatic sprinkler system or other water supplied fire protection system is required.
 - (a) If the plans do not provide adequate information, the fire department will advise the applicant that additional information is required..

ADOPTED JUNE 6, 2002

- (b) If the plans are acceptable and no fire protection system is required, the plans will be forwarded to the utility department with a letter documenting the same.

2. If the plans indicate that an automatic fire sprinkler system or other water supplied fire protection system is required, the fire department will advise the applicant to provide two (2) complete sets of fire protection plans from a certified fire engineer and pay the required fees. The plans will then be reviewed and determination made regarding the required water service. One copy of these plans with a letter will be forwarded to the utility manager.

C. "INTENT-TO-SERVE" LETTERS

Intent-to-Serve letters shall be approved by the Board of Directors based on a finding that sufficient capacity exists to serve the project. Each "Intent-to-Serve" Letter shall include the following:

- (1) Each Department's conditions for service.
- (2) That all easements and dedications required for District service have been delivered to the district.
- (3) That District service is conditioned on applicant paying all District fees and charges relating to the project and complying with the terms and conditions, rules and regulations of the District.
- (4) That the District service is conditioned on the applicant complying with all the terms, conditions, rules and regulations of other agencies that have jurisdiction over the project.
- (5) This "Intent-to-Serve" Letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District. This "Intent-to-Serve" Letter may be revoked as a result of conditions imposed upon the District by a Court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors.
- (6) That unless sooner terminated this "Intent-to-Serve" Letter will terminate within 365 calendar days from the date of issuance.
- (7) This "Intent-to-Serve" Letter shall not be interpreted as the District's Board of Directors endorsement of the project.
- (8) The "Intent-to-Serve" Letter will be stamped in red that this is not a Will-Serve Letter or a commitment to provide District services.

D. EXTENSIONS AND TRANSFERS

(1) Upon application of owner prior to termination and for "good cause" the Board of Directors may extend the termination date of an Intent to Serve Letter on the same or amended terms and conditions.

(2) Prior to termination, an Intent to Serve Letter may be transferred to a successor-in-interest in the property to be served, on the following terms and conditions:

(a) The application is signed by the current owner;

(b) The successor-in-interest acknowledges and agrees in writing to the terms and conditions of the Intent to Serve Letter, and;

(c) The date of recording of the new deed is the date of the transfer.

E. "WILL-SERVE" LETTERS

"Will-Serve " Letters are evidence of the District's commitment to provide service to the project consistent with District's rules and regulations. "Will-Serve" Letters will be issued administratively upon the applicant paying all District fees and charges related to the project and complying with all terms and conditions of the District's "Intent-to-Serve" Letter. "Will-Serve" Letters will contain the following language:

(1) District service is conditioned upon the applicant complying with all terms, conditions, rules and regulations of agencies that have jurisdiction over the project. The District reserves the right to demand evidence of compliance as a condition to either setting the water meter or providing continued water service.

(2) This "Will-Serve" Letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District. This "Will-Serve" Letter may be revoked as a result of conditions imposed upon the District by a Court, or by a change in ordinance, resolution, rules, or regulations adopted by the Board of Directors for the protection of health, safety, and welfare of the District and it's residents.

The General Manager has the discretion to accept a cash deposit, letter of credit, or other securities acceptable to the General Manager as faithful performance for unfulfilled conditions that can be fulfilled by the payment of money.

F. DISTRICT SERVICE

District water and sewer service will only be provided to the project if the applicant and/or the owner of the project has complied with the terms, conditions, rules and

regulations of the District, and other agencies, that have jurisdiction over the project including, those conditions that are subject to a Faithful Performance Securities.

The District General Manager reserves the right to demand evidence of compliance as a condition of either setting the water meter or providing continued water service.