

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 42 - Years of Service 1965 - 2007

MINUTES

JULY 25, 2007 9:00 A. M.

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

MICHAEL WINN, **PRESIDENT**
LARRY VIERHEILIG, **VICE PRESIDENT**
CLIFFORD TROTTER, **DIRECTOR**
ED EBY, **DIRECTOR**
JAMES HARRISON, **DIRECTOR**

PRINCIPAL STAFF

BRUCE BUEL, **GENERAL MANAGER**
LISA BOGNUDA, **ASSIST. GENERAL MANAGER**
DONNA JOHNSON, **BOARD SECRETARY**
JON SEITZ, **GENERAL COUNSEL**
DAN MIGLIAZZO, **UTILITY SUPERVISOR**

Mission Statement: The Nipomo Community Services District's mission is to provide the community with reliable, quality and cost-effective services.

Vision Statement: The Nipomo Community Services District's vision is to manage the resources and future growth of the community.

00:00:00

A. CALL TO ORDER AND FLAG SALUTE

President Winn called the meeting to order at 9:00 a.m. and led the flag salute.

00:00:50

B. ROLL CALL

At Roll Call, all Board members were present.

00:01:09

C. PRESENTATIONS AND PUBLIC COMMENT

C-1) MIKE NUNLEY OF BOYLE ENGINEERING

Mike Nunley, Project Manager for support services to the District for the Southland Wastewater Treatment Facility, presented an update on the Southland Wastewater Treatment Facility Master Plan. A draft master plan has been submitted. Boyle Engineering is coordinating with Fugro West, Inc. who is performing the geologic work. There was a committee meeting Monday, July 23, 2007. Boyle is comparing the necessary permits with the current permits. Solids handling will be one of the next tasks. The Board asked Mr. Nunley questions. He answered that the State's requirements are unknown at this time.

The Board thanked Mr. Nunley for his report.

C-2) NCSU UTILITY SUPERVISOR DAN MIGLIAZZO

Dan Migliazzo, District Utility Supervisor, reviewed the utility operations that have been on-going during the last month. He reviewed the efficiency tests that were taken on several well pumps. After retrofitting some motors, the efficiency increased significantly. Applications have been submitted for rebates from PG&E. Standardization programs are in process. Mr. Migliazzo answered questions from the Board.

C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST

Receive Announcements from Directors Items of District and Community Interest

Director Harrison

SCAC meeting July 23, 2007 – There was an 18-unit project that was changed. He asked if the developer would need a different kind of Will-Serve letter for the amended project. (Mr. Buel answered that he would need to evaluate it. If the land use hasn't changed, then the old letter should apply.)

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C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST
(continued)

Director Harrison

A representative from Culligan Water Conditioning came to the Board – how about another? (Mr. Buel answered that a representative from Rayne Water Conditioning Co. is scheduled to come to the next regular Board meeting.)
The Chamber event at the park went well.
Fundraiser at the Dana Adobe also went well.

Director Eby

The fundraiser for the Dana Adobe raised approx. \$22,000.
Costco has water softeners for sale. The box stated that they use less salt. What impact will this have?

Director Winn

Tues. July 17, 2007 – Board of Supervisors approved revisions of a horse ordinance. This may shift the requirements from net to gross acreage and may increase the number of horses that may be kept on the mesa. County staff will come back with a revised ordinance at a later date. Horse facilities use a substantial amount of water.

July 19, 2007 – Planning Commission considered affordable housing – EIR is out

- RSF minimum would be reduced from 6000 to 5000 square feet and triplexes from 6000 to 4000 sq ft. No parks are required.
- RMF density would shift from 10 to 20 per acre (Homebuilders Assoc. is arguing for 30 per acre).

Board of Supervisors also considered a document "Framework for Planning." It is an effort to incorporate smart-growth principles to densify the core of the community.

July 24, 2007, Board of Supervisors considered the application from Ortiz for a subdivision. The applicants claim to overlie a sizeable and reliable source of water.

August 2nd is the deadline for comments from the District.

July 25, 2007, 3:00 p.m. – Transfer of Development Credits Blue Ribbon Committee – in SLO County Room 161.

There will be no WRAC meeting for August.

C-4) PUBLIC COMMENT ON ITEMS NOT ON AGENDA

There was no public comment.

00:40:01

D. CONSENT AGENDA

D-1) APPROVE WARRANTS

D-2) APPROVE BOARD MEETING MINUTES

Approve Minutes of June 20, 2007; June 27, 2007; and July 2, 2007 Meetings

D-3) REVIEW PROCESS FOR REVIEW OF GENERAL MANAGER'S PERFORMANCE

D-4) ENDORSE SLO COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLAN

D-5) ACCEPT 2ND QUARTER INVESTMENT REPORT

D-6) AUTHORIZE RECORDATION OF QUITCLAIM DEEDS REJECTING MARIA VISTA ESTATES DRAINAGE FACILITIES

D-7) ACCEPT BAUR TRACT 2595 WATER AND SEWER IMPROVEMENTS AT 180 WEST PRICE STREET

RESOLUTION NO. 2007-1030

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE NIPOMO COMMUNITY SERVICES DISTRICT**

**ACCEPTING THE WATER AND SEWER IMPROVEMENTS
FOR TRACT 2595 (BAUR)**

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D. CONSENT AGENDA (continued)

D-8) RECEIVE STAFF'S PROPOSED POLICY RE REQUIRING APPLICANTS TO PAY FOR THE ADDITIONAL COST OF SPECIAL MEETINGS CALLED TO CONSIDER A SPECIFIC PROJECT

The Board discussed the items on the Consent Agenda. There were some edits for the June 27, 2007, Minutes (D-2) and the Investment Policy (D-5). Upon motion by Director Vierheilg and seconded by Director Harrison, Board unanimously approved the Consent Agenda, as modified. There was no public comment. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Vierheilg, Harrison, Trotter, Eby, and Winn	None	None

E. ADMINISTRATIVE ITEMS

E-1) RECEIVE DRAFT PARKS SURVEY AND ORDER EDITS

Bruce Buel, General Manager, reviewed the process for development of the Parks Survey. He introduced Mr. Cross.

Justin Cross, representative of Campbell-Rinker reviewed each page of the Parks Survey. He stated that cooperation from the respondents was high. Copies of the final report will be provided to Pete Jenny, Supervisor Achadjian, Chairperson of the SCAC and others. There was no public comment.

Upon motion by Director Harrison and seconded by Director Trotter, the Board unanimously agreed to accept the report and authorized Campbell-Rinker to publish the final report. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Trotter, Eby, Vierheilg, and Winn	None	None

The Board took a break at 10:40 a.m. and returned at 10:55 a.m.

The Board agreed to consider Item E-3 next and move Item E-2 to be considered after E-6. President Winn asked if there was anyone in the audience to comment on Item E-2. There was no one to comment on Item E-2.

01:41:16

E-3) RECEIVE DRAFT COMBINED WATER SYSTEM FINANCIAL PLAN AND USER RATES EVALUATION; ORDER EDITS; AND SET WORKSHOP FOR PUBLIC FEEDBACK

Bruce Buel, General Manager, reviewed the process to receive the Draft Financial Plan and User Rate Evaluation for the Blacklake and Town water systems and the Town sewer system.

Robert Reed, The Reed Group, Inc., presented the draft report to the Board. (A copy of the Power Point presentation is available for viewing in the District office.)

Director Trotter asked about the Blacklake assets that were turned over from the County to the District.

Lisa Bognuda, Assistant General Manager, answered that the County provided its information about Blacklake's assets.

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- E-3) RECEIVE DRAFT COMBINED WATER SYSTEM FINANCIAL PLAN AND USER RATES EVALUATION; ORDER EDITS; AND SET WORKSHOP FOR PUBLIC FEEDBACK
(continued)

The following member of the public spoke on the merger:

Bill Nelson, NCSD resident - Blacklake has to match the equity in the Town Capacity Fund even though Blacklake increases the Town Water Division's capacity which is greater than water Blacklake is receiving. BL is not getting credit for that. Four million dollars of the seven million dollars that the Town has in reserves are in capacity charges. Shouldn't Blacklake get some credit for providing additional water to the Town Division's capacity?

Mr. Buel disagreed. If Blacklake were truly stand-alone, Blacklake Well #4 would have trouble keeping up with the demands of the Blacklake water users and especially peak-demand. At this time Sundale Well is used for peaking.

Director Trotter added that Blacklake wells cannot meet the total demand.

Director Harrison asked about a rate increase in relation to the Blacklake merger. Mr. Buel suggested that the Board allow Blacklake customers to pay off the surcharge in one lump sum. Should they desire not to do that, then the payoff could spread the surcharge over a ten-year period and provide notice to the customers of the proposed increase.

Jon Seitz, District Legal Counsel, stated that Blacklake property owners will get the opportunity to protest after notice has been sent to property owners.

Upon motion by Director Vierheilig and seconded by Director Eby, the Board agreed to support the merger of the Blacklake and the Town water systems subject to ratification by the ratepayers adjusting the rates, approving the unified rate structure to support the merger between Blacklake and the Town, which shall include an equity surcharge.

The following members of the public spoke:

Bill Nelson, NCSD resident – stated that he agrees with the merger and thinks it will be supported in Blacklake. It would have cost the Blacklake residents \$800,000 to \$1,000,000 to repair the aging water system which will not need to be repaired with the occurrence of the merger.

Director Harrison stated that he can see how the merger will be beneficial to the Blacklake customers but not how it will benefit the Town customers.

Vote 4-1 with Director Harrison voting no.

YES VOTES	NO VOTES	ABSENT
Directors Vierheilig, Eby, Trotter, and Winn	Director Harrison	None

03:16:24

- E-4) RECEIVE DRAFT TOWN SEWER SYSTEM FINANCIAL PLAN AND USER RATES EVALUATION; ORDER EDITS; AND SET WORKSHOP FOR PUBLIC FEEDBACK

Robert Reed, The Reed Group, Inc., presented the draft report to the Board. (A copy of the Power Point presentation is available for viewing in the District office.)

There was no public comment.

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03:39:25

- E-5) RECEIVE DRAFT BLACKLAKE SEWER SYSTEM FINANCIAL PLAN AND USER RATES EVALUATION; ORDER EDITS; AND SET WORKSHOP FOR PUBLIC FEEDBACK (continued)

Robert Reed, The Reed Group, Inc., presented the draft report to the Board. (A copy of the Power Point presentation is available for viewing in the District office.)

The following members of the public spoke:

Bill Nelson, NCS D resident – stated that the Board should not repeat the mistake that was made three years ago when the rates did not reflect the expenses. The expenses should be based on the Cannon Study.

The Board thanked Mr. Reed for the draft report.

03:58:41

I. CLOSED SESSION ANNOUNCEMENTS

Jon Seitz, District Legal Counsel, announced the following items to be discussed in Closed Session. There was no public present.

- 1. CONFERENCE WITH LEGAL COUNSEL PENDING LITIGATION GC§54956.9 SMVWCD VS NCS D SANTA CLARA COUNTY CASE NO. CV 770214 AND ALL CONSOLIDATED CASES.
- 2. CONFERENCE WITH LEGAL COUNSEL PENDING LITIGATION GC§54956.9 MARIA VISTA VS. NCS D CASE NO. CV 040877, MARIA VISTA VS. NCS D CASE NO. CV 061079, AND MARIA VISTA VS. LINDA VISTA FARMS, NCS D ET AL CASE NO. CV 040150;
- 3. CONFERENCE WITH LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9; NCS D VS. SLO COUNTY (CASE NO. CV 070066)
- 4. CONFERENCE WITH LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9; MARIA VISTA ESTATES V. NCS D ET AL. (CASE NO. ND07-10362RR IN UNITED STATES BANKRUPTCY COURT, CENTRAL DISTRICT, NORTHERN DIVISION

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There was no public present to comment.

K. ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 1:14 p.m.

03:59:59

L. OPEN SESSION
ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

The Board came back into Open Session at 2:26 p.m. There was no public present in the audience. Jon Seitz, District Legal Counsel, announced that the Board heard reports from legal counsel on the items listed above. The Board took no reportable action.

The Board considered Item E-2 next.

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04:00:52

- E-2) AWARD BID FOR CONSTRUCTION OF BLACKLAKE WWTF POND #3 LINER REPLACEMENT PROJECT AND ADOPT RESOLUTION AUTHORIZING LOAN FROM TOWN SEWER FUND PREDICATED ON REPAYMENT BY BLACKLAKE SEWER CUSTOMERS

Bruce Buel, General Manager, reviewed the situation concerning the bid for construction of the Blacklake Wastewater Treatment Facility Pond #3 Liner Replacement Project. Mr. Buel distributed a revised resolution and explained some changes to the resolution that was presented in the Board packet. There was no one in the audience representing either Raminha Construction or Sansone Construction. Also, there was no one in the audience representing either Raminha Construction or Sansone Construction earlier this morning when the item was originally scheduled. Before the item was continued to the afternoon, the question was asked if there was anyone in the audience to represent either construction company and there was none. The Board was informed about fund balances.

Upon motion by Director Harrison and seconded by Director Eby, the Board unanimously approved Resolution 2007-1031 awarding the bid for the Blacklake WWTF Liner Replacement Project to Raminha Construction, as amended. There was no public present to comment. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Eby, Vierheilig, Trotter, and Winn	None	None

RESOLUTION NO. 2007-1031
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
AWARDING THE BLACKLAKE WASTEWATER TREATMENT FACILITY
POND #3 LINER REPLACEMENT BID TO RAMINHA CONSTRUCTION,
INC. (RAMINHA), AUTHORIZING THE GENERAL MANAGER TO
EXECUTE A CONTRACT WITH RAMINHA FOR THE WORK, AND
ESTABLISHING A CONTINGENCY FUND FOR CHANGE ORDERS

Upon motion by Director Harrison and seconded by Director Eby, the Board unanimously approved Resolution 2007-1032 funding the Blacklake WWTF Liner Replacement Project, as amended. There was no public present to comment. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Eby, Vierheilig, Trotter, and Winn	None	None

RESOLUTION NO. 2007-1032
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT APPROVING AN INTERFUND
LOAN FROM THE DISTRICT'S TOWN DIVISION SEWER RESERVES
TO THE BLACKLAKE SEWER FUND FOR THE PURPOSES OF
FUNDING THE BLACKLAKE WWTF LINER REPLACEMENT PROJECT

04:12:15

- E-6) CONSIDER REQUEST FROM DIRECTOR HARRISON TO RECONSIDER USE OF BOARD CHAMBERS BY INCORPORATION COMMITTEE

Bruce Buel, General Manager, reviewed the request from Director Harrison. The Board discussed the present policy requiring insurance for groups using the Board room. Mr. Buel recommended that the requirement for insurance continue.

Director Trotter left the meeting at 2:50 p.m.

The Board agreed to have this item put on a subsequent agenda for revision. There was no public comment.

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04:47:37

Adjourn to the Nipomo Community Services District Public Facilities Corporation

Upon motion by Director Vierheilig and seconded by Director Harrison, the Board unanimously agreed to adjourn the regular meeting to the Nipomo Community Services District Public Facilities Corporation. Vote 4-0 with Director Trotter absent.

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Eby, Vierheilig, and Winn	None	Director Trotter

ROLL CALL

The following Board members of the Nipomo Community Services District Public Facilities Corporation were present:
Directors Harrison, Vierheilig, Eby and Winn. Director Trotter was absent.

Public Comment on Agenda Items

A. NIPOMO COMMUNITY SERVICES DISTRICT PUBLIC FACILITIES CORPORATION

Annual Meeting of the Nipomo Community Services District Public Facilities Corporation

Upon motion by Director Eby and seconded by Director Vierheilig, the Board unanimously approved the Minutes of the July 12, 2006, meeting of the Nipomo Community Services District Public Facilities Corporation. There was no public present to comment. Vote 4-0 with Director Trotter absent.

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Eby, Vierheilig, and Winn	None	Director Trotter

ADJOURN TO NCSD REGULAR MEETING

President Winn adjourned the meeting of the Nipomo Community Services District Public Facilities Corporation and reconvened to the Regular Meeting of the Nipomo Community Services District at 3:16 p.m.

04:51:30

F. MANAGER'S REPORT

Bruce Buel, General Manager, presented the Manager's Report as given in the Board Packet. He added that a Special meeting is planned for August 29, 2007, for the Water and Sewer Master Plan.

Also, the SLO County plans to open bids on August 16th for three of the remaining five drainage projects on Mallagh and on Burton. The District may negotiate with the contractor selected by the County to adjust NCSD's water lines and execute an agreement with the County for the County to hire that contractor under a change order to the Contract between the County and the contractor.

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05:02:11

G. COMMITTEE REPORTS

1. 7/18/07 Parks Committee Meeting

The Board discussed the results of the Parks Committee meeting.

05:06:20

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

Director Vierheilig – Finance, Audit, Personnel Committee will meet August 13, 2007, 9:00 a.m.
August 29, 2007, Water and Sewer Master Plan meeting.
Rate Study Workshop tentatively scheduled for August 15, 2007

Director Winn

Adam Hill is running for the 3rd District Supervisor to replace Jerry Lenthall.

Director Eby

Article in Wall Street Journal about parks

Desalination plant would take 5,000 acres of solar panels in this area to achieve 3,000 acre feet of water.

05:13:59

ADJOURN

President Winn adjourned the meeting at 3:40 p.m.

- **THE FOLLOWING REGULAR BOARD MEETING IS AUGUST 8, 2007.
TENTATIVELY SCHEDULED ITEMS INCLUDE:**
 - Southland WWTF Upgrade Project Geo-Hydrology Review
 - Reduction of Solid Waste Franchise Fee

- **THE FOLLOWING SPECIAL BOARD MEETING IS AUGUST 15, 2007.
TENTATIVELY SCHEDULED ITEMS INCLUDE:**
 - Review of Draft Water and Sewer Master Plan